

JPRS 80182

25 February 1982

West Europe Report

No. 1914

FBIS FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

25 February 1982

WEST EUROPE REPORT

No. 1914

CONTENTS

TERRORISM

AUSTRIA

PLO Terrorism Trial Leaves Unresolved Questions (DIE PRESSE, 23-24 Jan 82).....	1
--	---

ENERGY ECONOMICS

GREECE

Briefs	
Oil Import Reductions	3

ECONOMIC

CYPRUS

Briefs	
Devaluation Denial	4

FRANCE

Decentralization Law To Transfer Economic, Development Powers (L'USINE NOUVELLE, 7 Jan 82).....	5
Summary of Changes, Implications, by Francois Perrier	
Interview With Decentralization Minister, Gaston Defferre	
Interview	

Organization, Methods, Status of Foreign Trade Come Under Fire (L'USINE NOUVELLE, 10 Dec 81).....	17
Current Situation, Changes Suggested, by Eric Lecourt One Example: Andean Pact Countries, by Daniel Solano	
Managers, Employers Express Views on Government, Economy (Various sources, various dates).....	24
Uncertainty About New Policies, by Claude Sales Employers React to Delors' Speech, by Maurice Roy Delors' Specific Proposals Most Employers Pessimistic About 1982 Economy	

GREECE

Government Announces Second Part of Economic Measures (Various sources, various dates).....	34
Economic Program Listed, by Giorgos Stathis Paper Analyzed Measures KKE View	
Elements of Government Market Policy Noted (ATHENS NEWS, 30 Jan 82).....	45
Briefs Piraeus Port Movements	47

POLITICAL

INTERNATIONAL AFFAIRS

New EC Parliament Chairman Dankert on Role (Piet Dankert Interview; HET VRIJE VOLK, 12 Jan 82).....	48
--	----

AUSTRIA

Kreisky's Political, Economic Strategy Viewed (Inge Santner; DIE WELTWOCH, 27 Jan 82).....	51
---	----

FEDERAL REPUBLIC OF GERMANY

Foreign Ministry Seeks Balance of Ostpolitik, Alliance Policy (DER SPIEGEL, 25 Jan 82).....	55
--	----

PCF Ministers Effect Government, Media, Hospital, Hiring (Pierre Feydel; LE MATIN MAGAZINE, 28 Nov 81).....	60
--	----

NETHERLANDS

Journal Analyzes New Strategy of Communist Party (Rene de Bok; ELSEVIERS MAGAZINE, 9 Jan 82).....	66
--	----

MILITARY

DENMARK

Briefs Socialist MP's Oppose Defense Funds	69
---	----

FRANCE

New Computer Links All Armed Forces, Provides Automatic Alert (Andre Le Berre; ARMEES D'AUJOURD'HUI, Dec 81).....	70
New Engine Able To Power 50-Ton Battle Tank (Pierre Darcourt; LE FIGARO, 8 Jan 82).....	73

GREECE

Briefs New Fighter Planes	75
------------------------------	----

GENERAL

FRANCE

Firms Present Technology to India, Closer Ties Envisioned (Eric Lecourt; L'USINE NOUVELLE, 17-24 Dec 81).....	76
--	----

PLO TERRORISM TRIAL LEAVES UNRESOLVED QUESTIONS

Vienna DIE PRESSE in German 23-24 Jan 82 p 3

[Text] "What's going on with my deportation?" queried the synagogue assassin, Hesham Mohammed Rajeh, after he had admitted murdering alderman Nittel. His lawyer read out at the trial the anxious question of the accused from the record of that hearing by the state police at which the investigating judge was present for the first time. And the state attorney said, "If Rajeh had not confessed, we could not have proved his participation." But Minister of the Interior Lanc, on 7 October 1981 and only a few meters away from his parliamentary colleagues, had informed the media of "further success in the fight against terrorism."

What has come to light here in these remarks is one of those many slip-ups that happened in the investigation of the Nittel murder. However, not only the Justice Department felt itself to be poorly informed if not actually hindered during the preparatory stages of the trial. The weapons expert, for example, could not make an assessment because he was not called in until after the alderman's car had been cleaned and the glass replaced; the firing tests with the murder weapon were done by the security authorities--at the trial the expert had to read out reports of other experts. But these are "only" technical problems.

Let us return to the beginning remark. What did Rajeh mean by deportation? Did one consider transporting him over the border like the two Palestinian weapons smugglers seized at the Vienna-Schwechat airport, in order to pay tribute to the prime minister's ambitions in the Near East? Naturally this was not possible: The trial to the synagogue assassins Rajeh and Marwan Hasan had to take place. It proved to be a clever chess move to combine the trial of Rajeh, who, as it has now turned out, did not murder Nittel, with the trial of Marwan Hasan. But this has to be discussed in more detail.

No, the purpose was not at all to spare the terrorists. On the contrary: After the bitter criticism of the security officials in connection with the Nittel investigation, "further success in the fight against terrorism" was urgently necessary. It may be that some officials did (for Lanc) too much of a good thing, it may be that Rajeh's hearing, which was conducted in a very friendly way "with psychological empathy," just happened to touch the subject--the fact is: The Palestinian must have had the impression he would escape the threat of being turned over to the PLO if he confessed to the murder. And it is well known what Jasser Arafat's organization does with people (particularly those of the mysterious "Al Asifa" of the Abu Nidal) who hurt "the Palestinian Cause." It is just as well known that terrorist acts in Vienna have long been contrary to the wishes of Kreisky's friend, Arafat.

Rajeh was therefore moved with the help of very questionable methods to make a confession that could not "stand up." The sequence of events itself that he presented to the officials revealed a horrendous error: If everything had really been the way he said it was, the murderer would have arrived too late to commit the murder. When combining the two trials was settled upon, Rajeh retracted the confession-- he was certain to get life in prison for the attack on the Jewish house of worship. And there was the chance that the Nittel murder would not be discussed so thoroughly. The trial confirmed this speculation.

With this we have the question of whose interest was served by combining the two trials. Beyond doubt the interest of the security officials: Suppose that Rajeh, in a separate trial, were to be acquitted, or only found guilty of participation in murder by the purchase of the ominous NATO jacket--waves of indignation would have crashed over the heads of those responsible for this "slip-up." Therefore it was better to cover up the details of the Nittel murder with the clear evidence of the attack on the synagogue.

And there was another reason why the course of the affair seemed favorable for the officials--police as well as government. A whole series of embarrassing questions was omitted, the answer to which would have been much more embarrassing. Among them is: How did a regular arsenal of weapons of East European origin get to Austria? But also: What is the situation with other potential terrorists who live in our country disguised as students? Or: Who is responsible for the Rajeh confession? Afterwards a single question could be answered: Who really murdered Nittel? But in the light of the developments up to now, not much hope remains for the answers.

9124

CSO: 3103/231

BRIEFS

OIL IMPORT REDUCTIONS--The Ministry of Industry and Energy has decided to revise the programme for the imports of crude oil from abroad, and has reduced oil imports for 1982 by 500,000 tons. In this way, while last year 10,733,000 tons of oil was imported for 2,959 million dollars, in 1982 it is expected that oil imports will total 8,050,000 tons and cost 2,124 million dollars. Therefore, there will be a decrease in quantity by 2,683,000 tons, and a saving in foreign exchange of 835 million dollars. [Athens ATHENS NEWS in English 28 Jan 82 p 9]

CSO: 4600/255

BRIEFS

DEVALUATION DENIAL--There is no danger of devaluation of the Cyprus currency, the government spokesman said yesterday. He was commenting on reports that the continuing borrowing poses a threat of devaluation for the Cyprus pound. The exchange reserves are quite adequate and compare favourably with international standards, ensuring the stability of the Cyprus pound and any rumours are unjustified, he said. The spokesman said that several other countries resort to borrowing and Cyprus has quite good margins for borrowing. [Nicosia CYPRUS MAIL in English 2 Feb 82 p 1]

CSO: 4600/256

DECENTRALIZATION LAW TO TRANSFER ECONOMIC, DEVELOPMENT POWERS

Summary of Changes, Implications

Paris L'USINE NOUVELLE in French 7 Jan 82 pp 36-43

[Article by Francois Perrier]

[Text] "Mr. Mayor, after all we couldn't let it close down!" There are no elected officials who have not been reproached. But whether the Trizay-Coutretot-Saint-Serge bakery (Eure-et-Loir) or the Ceraver de Tarbes factory were involved, Mr. Mayor fretted and fumed, alerted his member of parliament, wrote to the minister.... Lodging a complaint was his only recourse

1982: the law on decentralization has given local governments economic powers. At the same time, the national government is transferring some industry aids to regional level. Overall, it is the immediate environment of business that is undergoing profound changes. But it is not the people involved who are changing so much as their powers.

A priori, a reform designed to simplify things can only meet with positive reactions. The initial steps announced here and there show that business is going to find attentive and even eager partners. But having so many barriers lifted all at once gives rise to doubts. It will take several years to have an accurate measure of the change that is decentralizing decision-making, but is also coming close to providing for a system to oversee business. And, to mix economics and politics all the way down to the level of small towns can only be done at some risk.

Gaston Defferre can say without fear of being contradicted that decentralization will be "the main undertaking of the seven-year term." Whatever the effects, the complete remodeling of the administrative machinery requires reform of the laws and regulations that will take several years. The initial stages have been planned: -in the spring, a law on the powers of each local government entity, to include town planning at the commune level, roads and highways at department level, and air and rail transportation at the regional level; -in the fall, a law on local taxes (residence tax and business tax will be revised) and a longer debate on the resources of local governments.

A Reform that Responds to Expectations

These transfers of powers are supposed to be accompanied by resources in the form of an annual subsidy. The national government will allocate credits from national

taxes to local governments, as it is the only way to correct local disparities. This grant will be general, however, and not earmarked for a specific piece of equipment as it is now, which leads elected officials to a single-minded quest after subsidies for the slightest improvement: such as resurfacing a section of local road.

Finally, the administration itself will be the theater for frenzied bargaining. The new local responsibilities will in fact bring about a redistribution of power and posts that the central offices, from the minister to the office manager, will have trouble accepting.

For the time being, the decentralization law frees mayors from their prefectural duties and transfers departmental and regional executive powers to the presidents of the assemblies. It entitles local governments to intervene economically:

- for communes and departments, the right to defend the economic and social interests of their people;
- for regions, the responsibility for development.

It is the region now that will hand out subsidies for new business. It may also hold shares in the capital of regional development firms and other business financing agencies.

The reform evidently responds to an expectation. The local officials want to influence the economic future of their districts. Indeed, they already participate to a large extent: communes and departments not long ago began financing the road system in industrial zones; then they developed the land, building rental property. Today, they frequently buy the building housing a firm in difficulty, to help its cash position.

Vocabulary Matters

- Regional public establishment (EPR). This is the establishment that is currently managing regional resources, since the region is not yet an entirely separate territorial organization. In other words, it does not really administer the regional territory. The F 's make all the appointments: the economic and social committee, regional council, regional prefect. Their resources are limited by the national government to a rate of 67.68 francs per inhabitant in 1981 (except for Ile-de-France), and they do not all use the entire amount.

-CODEFI. The departmental committees to review financing of businesses are in a way the country nurses for firms in difficulty. Their means consist essentially in deferral of tax liabilities and social insurance contributions and in loans from the Economic and Social Development Fund.

Since this spring, they are permitted to grant up to 18-month cash advances. An important aspect is that CODEFI meetings have been secret up to now. Some elected officials want to participate in the discussions, and now the local employment committees are entitled to be informed of their decisions.

- CIASI. The Interministerial Committees for Industrial Development do not just hand out subsidies to firms in difficulty. They also draw up a recovery plan and can help find partners....

The current backlog at CIASI has led several regions to propose an intermediate regional structure to take up the cases of small businesses for which the CODEFI's therapy proved insufficient.

- SDR. The 15 regional development companies [SDR] cover the regional fabric. Originally designed to siphon off local savings toward business capital, they quickly turned themselves to medium- and longer-term activities, which they believed would be more remunerative for the saver. They hold capital in some 1,000 firms, but their participation cannot exceed 35 percent. They participate by various loans in three out of five provincial companies. They are federated by a national association, ANSDER.

In view of the current economic deterioration, some local governments have even taken some liberties with the texts that the Defferre law only rubberstamped. For instance, the 20 percent subsidy--theoretically prohibited--that the Lorraine region granted to an industry head to build a plant! Also illegal are the shares in the capital of firms in difficulty that some departmental assemblies have acquired. The General Council of the Loire for example, is up to its eighth or tenth, arranged through the expansion committee that receives the corresponding "research credits."

Certain Reservations

"It is a transfer operation," explains Emile Jacquemet, director of the committee. We are the 'sleeping partners' waiting for someone to take over. But our participation provides a sort of moral security that eases the situation vis-a-vis the banks and CIASI, and the department intervenes only if the industrial plan seems viable." In one case, however, the committee lost the money it put up: 33 percent of the new company Manufrance. "A special case where we could not refuse to help," concedes Lucien Neuwirth, president of the General Council.

And this is precisely the first reservation that the new law calls forth: how can the mayor accept requests to intervene without endangering the commune's financial situation? "The employer himself is going to be sending us his employees," predicts Albert-Maxime Kohler, deputy to the mayor of Besancon and in charge of economic matters. "You can give millions in guarantee without spending a penny. In a number of cases, however, the commune is supposed to act for the bankrupt firms and reimburse the banks for the credit which were granted that much more readily because they were covered by the commune's guarantee." A decree will set a ceiling for these guarantees on borrowing.

For its part, the city of Besancon decided to take defensive action. When the new law was announced, the city council voted 2 million francs to subsidize interest rates on loans contracted by local firms. And the city left the decision on granting the loan up to Credit national. "This measure is actually designed for healthy firms," acknowledged Albert-Maxime Kohler, "but if we do not agree to this action under our economic chapter, we will have to accept it under the social assistance chapter."

All in all, it is a preventive measure so that a decision under pressure is avoided. For when difficulties arise, "the action taken by local governments bungled, emotional, costly and not very effective," an expert at CIASI has noted. "Local governments are ready to sacrifice everything to safeguard employment."

"We are afraid that elected officials apply exclusively financial means to the problem requires an industrial solution," says Francois-Espagne, secretary general of the General Confederation of Workers' Production Cooperatives (SCOP). The Confederation receives more and more requests to study the recovery of companies in distress. "Elected officials are obviously very impatient, but the recovery of a firm should never be pressed," advises Francois Espagne. "There are always credits to distribute. It is better to choose a business leader who will go out and look for funds and then go to find a director for the firm"

Grasping an Industry's Position

A few absurd examples support this school of thought. In Pas-de-Calais, the local governmental agencies and the regional public establishment (EPR) granted a firm starting up again in the form of SCOP 1,250,000 francs in non-refundable aid. The members of the cooperative paid in 10,000 francs. The SCOP is still in difficulty, and further aid was just voted....

Even when a firm is not in trouble, any intervention can have costly consequences on local finances. In 1978 the city council in Ploermel, Brittany (7,000 population) borrowed 14 million francs to set up the Societe francaise de forge et de metallurgie, which was to create 200 jobs. The group seemed solid (five factories, 1,000 employees). The department granted its guarantee. Today it is repaying the annual installments. The wire-drilling mill closed its doors at the end of a year and a half.

"In cases such as these, there are two types of communes," says Paul Girod, senator from Aisne, "those whose business tax rate is still low enough for them to take advantage of other firms' solidarity without jeopardizing their position in turn, and those who make the local people bear the burden of the failure."

Recent developments in the local tax situation show the preference of the local officials when faced with this dilemma. In 1981, proceeds from the business tax increased by an average of 19.1 percent and real estate tax revenue increased by 20.8 percent, in contrast to residence tax revenues which grew by 13.3 percent.

It is hard to reconcile the elections with the operating accounts. The whole problem lies in the mayor's or the president's ability to grasp an industry's position. With the disappearance of the oversight system, he is now on the front line for all public affairs. Moreover, he has to become the social syndic and compute the economic risks.

Of course the Administration is at his disposal. But if he were to count exclusively on it, this would lead to a new oversight system, a technical one this time.

The solution? New agencies, which are likely to undermine the announced simplification policy. The National Assembly is planning to set up a technical departmental

agency in charge of assisting the communes. Here and there, presidents of the regional councils are padding their offices.

A Danger of Interfering with the Rules of Competition

"We are going to see a mushrooming of audit and consultant agencies which vary in how serious and how competent they are," predicts Francois Espagne. These would all be superimposed over the existing structures: chambers of commerce and expansion committees. These associations should for their part experience new growth. The creation of the economic and social committees in 1972 had the result of closing out their regional counterparts. But a number of county councils, such as the Loire one, have made the departmental committees their secular arm for setting up new firms or finding solutions for firms in financial straits.

Even the best intentions toward industry engender a new agency: the Ile-de-France Council is studying a prototype development contract that will establish the commitments of both firms (creation of jobs, investments, growth, etc.) and government (subsidies, assistance, advice, training, etc.) on a multi-annual basis. To do this, it naturally envisages setting up a regional development agency that "in the industrial sector, would be a coordination and planning agency grouping together all the partners."

One unknown: the employment committee, a new agency with no legal status, whose tripartite membership (elected officials, business leaders and labor unions) follows the standard pattern of the expansion committee. A mobilization tool for solidarity contracts, the local employment committee should not be a negotiating body, explained the prime minister. It therefore takes different forms--from the permanent forum at Saint-Etienne where the representatives of political parties join in the deliberations, to an expanded business committee, such as is found in some communes of Seine-Saint-Denis. It will probably become a new watchdog agency for employment problems, or else disappear.

The fate of the DATAR [Delegation for Territorial Management and Regional Action] is still uncertain. They cover several regions and draw their effectiveness from the fact that they are independent from the local politicians. "1982 and maybe 1983 are going to be difficult," confides Jacques Voisard, general delegate of the West Atlantic. "Decision-making centers are likely to be rather vague for several months. The problem for everyone will be to find the right person to speak to."

The systematic support of regional companies also has its drawbacks. Besides the danger they represent for local finances, they could interfere with the rules of competition. "In drawing up government contracts, account has always been taken of regional interests," commented someone from the Directorate of Local Governments.

When the Nord-Pas-de-Calais agreed to finance the renovation of the river fleet of small fishing vessels (210 million francs), the part wangled by SOFERVAL was no coincidence. The company, which took over Franco-Belge's railway equipment, still has a precarious financial statement and it is trying to convert over to new technology. The embryo of a regional industrial policy and a restricted market--

the dividing line is subtle. "Some communes do not hesitate to order equipment at outrageous prices from production cooperatives being set up," accuses Jacques Fabre, president of the Midi-Pyrenees CRCI [Regional Chamber of Commerce and Industry].

It is an attractive idea for a mayor to be able to announce that construction of the swimming pool will create or maintain some sixty jobs, and when it comes to sign a contract, pressure may be exerted on the firm.

In Lille, firms that have signed a solidarity contract will see their payment deadlines moved from 45 to 30 days. Those involved smile: "Let the city respect the 45 days first!" was the response of one of them.

There is also a great temptation for local governments to launch municipal companies that would intervene on the industrial market. The example of Saint-Etienne which had to borrow in Switzerland in order to pay back Manufrance's debts should give them reason for caution. The elected officials should hear what Jean-Pierre Vittet has to say: "If we succeed, it is because we are a firm just like the others," proclaims the director general of Les Ateliers ruraux [Rural Factories] in Savoie. "Local officials and politicians should cut the umbilical cord and stay out of the firms."

Despite these precautions, Ateliers ruraux maintains the image of a marginal firm. They do not have any customers in Savoie, a situation that clearly shows industry's distrust of mixing politics with business.

A Better Understanding of Firms' Problems

The new legislation multiplies the occasions for control. To receive subsidies of any kind, a firm must announce its projects and open its files. This transparency was relatively accepted when the officials were the decision-makers, but it will be less accepted when the local elected politicians are involved.

The operation of the employment committees poses similar problems. They are supposed to find companies in which work-sharing possibilities might create jobs. "They will be informed of CODEFI's work regarding the handling of firms' difficulties and the recovery plans implemented." As discretion vis-a-vis customers and suppliers is required for survival, publicity of this sort will convince industry heads not to appeal to CODEFI until the last minute. And they are criticized precisely for seeking help too late....

For Jean-Louis Mons, deputy mayor of Noisy-le-Sec and county councillor of Seine-Saint-Denis, the reform of workers' rights and the decentralization reform are closely related, and he is counting on having the local employment committee examine the strategic plans of firms on a case by case basis. Recent history has left famous scars in the department: Rateau, Chaix, Dufour.... To avoid similar mishaps, they would ask the business and management committee to come and give an explanation to the employment committee! The latter, it is true, has no decision-making power. But "the attitude of a firm that, for instance, welcomed young people under employment agreements and then rejected the 'Youth Future Plan' should be 'exposed' to workers and to the public," threatens Jean-Louis Mons.

All committee meetings will not be so fraught with conflict. "This right of inspection will make it easier for labor unions to understand firms' problems," says Lucien Vochel, prefect of the Ile-de-France region, "and this better understanding will contribute to social peace if labor organizations are objective and accept the conditions that are imposing hardships on firms."

There is one criterion that can be used to measure the degree to which the various regions intervene in industry: the SDR's capital shares. The law in fact grants the EPR's the power to be majority or minority shareholders in regional financing companies.

Regionalization of Credit

For SDR's, the leading national shareholder agencies in the provinces with shares in two out of five firms through medium- and long-term loans, the result of any controlling investment would be the "regionalization" of part of the industrial fiber. "It is a good thing that a few seats on the board give elected officials a chance to express their opinions. Beyond that, and especially when you have a minority with veto power, the system is different," explains Jean-Marie Roche, general representative of the National Association of Regional Development Companies (ANSDER). "We would no longer have a market economy that guarantees a fair remuneration on savings: we would be teetering back and forth in government."

The SDR's are actually victims of their name. They operate in a manner similar to banks, whereas their name relates them to government service. Regional officials would like the SDR's to take more risks. Their reply is: "We are not playing around with the taxpayers's money; we have to pay our savers!" This is why various shareholder institutions have cropped up (Siparex in Lyon, Participex in Lille, etc.), and this is why in Midi-Pyrenees the EPR is contributing with the central government to a guarantee fund covering part of the risks taken by the Regional Industrial Development Institute.

ANSDER has proposed a similar formula to the regions, one that preserves the independence of the SDR's. As Jean-Marie Roche explains, "The problem arises when we are asked to intervene in firms in which we have no shares. You are suddenly called to the prefecture and told: 'This firm, within the area covered by your SDR, needs x millions. You are taxed so much. Buy some shares and make a loan!' Up to now we have said no. I am not sure that we can maintain this position. So we are proposing to the EPR to set up high-risk cells which we would assist in areas such as drawing up a financing plan. Since the money would come from the taxpayer and not the saver, elected officials would go along with it for the most part."

A structure of this type is being set up in Languedoc-Roussillon, and Bourgogne and Franche-Comte should follow suit. In other regions, initial negotiations involve buying into the equity capital. In the Pays de Loire, for instance, the EPR will undoubtedly become the main shareholder. In Provence-Cote d'Azur, the region is counting on becoming a minority shareholder with veto power.

Leaving Room for Industrial Heads

A number of regions have announced the establishment of regional CIASI, mutual guarantee companies that will back the participation of local governments. The

guarantee companies that will back the participation of local governments. The initial decisions on firms will probably be of this nature. Other types of measures involve making unemployed office workers available to firms on shared time and aid for marketing regional products.

All these measures will, however, not take full effect until 1983. This year will be devoted to setting everything up. It promises to be tedious. Future legislation will clarify things. But as in all ongoing reforms, expectations and lack of precision give rise to all kinds of interpretations. At least one thing seems sure: the economy, industry and politics are going to be more closely linked than ever, and this mixture of different elements will be explosive in more cases than one. The small number of industrialists in the assemblies is good evidence of their lack of taste for government affairs. However, they will have to get a little more involved in local affairs. Now room will have to be made for them!

In the first few months of 1982, a decree will indicate to the industrialists the place reserved for them in the new regional institutions. The new law dissolves the regional economic and social committees, the only (exclusively advisory) agencies where businessmen could give their opinions on local government policies. "The most representative labor union leaders, representatives of associations, and business leaders will sit on the economic and social committees," said Gaston Defferre. The number of seats for each group will tell industrialists something about the government's intentions.

Interview With Decentralization Minister

Paris L'USINE NOUVELLE in French 7 Jan 82 pp 40-41

[An interview with Gaston Defferre, by Francois Perrier and Henry Moraldo]

[Text] [Question] What is the decentralization law going to change for industry and industry's leaders?

[Answer] It is going to change a lot of things. Industrialists and business executives now have to make frequent trips to Paris to promote their business. This is true not only for firms that depend on the administration, but also for those strictly in the private sector, since most large companies have their headquarters in Paris.

From now on, decisions will be made on the spot. This is one of the main features of decentralization. In order to decentralize, part of the power centered in Paris will have to be taken away and distributed among the city governments, departments and regions. At present there are many directorates, such as the departmental directorates for equipment, for industry and for agriculture. They are under the orders of the ministers and the Parisian ministry offices. In future they will be placed under the authority of the prefect.

The law takes the departmental executive powers away from the prefects, but it in turn puts them in charge of all the ministerial delegations in the department. The prefects will now represent the entire national government and each of the ministers.

[Question] Communes and departments can intervene to defend the economic and social interests of their people. How far will their interventions go?

[Answer] Communes are going to play an economic role in future. They have already been doing this. Many communes, for instance, have intervened to bring down the price of property, to create industrial zones and to attract new businesses.

As mayor of Marseille and president of the region, I helped save firms such as Titan-Coder and Terrin, by assistance from city hall, the region and the department. For Titan-Coder, we bought the land, buildings and equipment. We then leased them to a business executive who is managing the firm. For Terrin, when I saw that their assets were going to be dispersed, I told them, "if your assets are liquidated, the City of Marseille will offer to buy them." All of a sudden the industrialists showed up and now the ship repair company is back on its feet. When the City of Marseille did that, it was giving a broad interpretation to the law. This will be perfectly legal under the new law.

[Question] Aren't you afraid that the communes will buy all the industrial property of the nineteenth century?

[Answer] No, it is not in their interest. Municipalities will intervene only when necessary to prevent viable firms useful to the economy of the commune from disappearing. The elected local officials will have no reason to intervene in the operations of private companies.

[Question] But what a city like Marseille can do is not the same thing as a small community....

[Answer] The town hall of a village in an area where a large factory is in trouble could ask the department and the region to help in the operation. If the department or region refuses to help the commune in question, it would be easy for it to refuse the aid solicited by the industry.

[Question] Aren't you afraid that it will be difficult to contain the pressures, especially on mayors of small communes?

[Answer] The pressure is the same whether the city is large or small. It is even stronger in a large town than in a small one. From my experience, I was never subjected to unbearable pressures. When I was asked to save the "lame ducks," I answered that it was impossible, that the firm was not going to survive. I did not have any difficulties.

[Question] The main risk is precisely systematic support of the "lame ducks"...

[Answer] I already answered you. Moreover, there are rules and safeguards. For instance, some credits will only be granted in relation to a certain percentage of the budget. However, the mayor, president of the county council and president of the regional council will have possibilities for action that they did not have before. The law provides for a certain number of actions but excludes others. For example, the mayor cannot participate in the management of a firm. That is not his role.

[Question] A firm is not necessarily saved just by injecting credits that will enable it merely to survive temporarily, is it?

[Answer] No. The mayor can have an inspection conducted by an auditor, an accountant or a consultant engineer. The same is true of the prefecture, the region and the department. When they have all the information, they will decide. The decision will be made locally.

[Question] Regions can now participate in economic development. What types of steps can they take?

[Answer] They can engage in all kinds of activities: create industrial parcels at lower prices than the real price of the land, or premiums (there is an adjustment to be made with Datar).... There are all sorts of possibilities. In periods of crisis such as this one, some firms should be saved, others developed. Who is in a better position than a local official to know which are the viable firms that the city, department or region needs the most?

[Question] Isn't there a problem of jurisdiction of elected officials in matters such as this?

[Answer] I am entirely confident. A law is going to be passed on the status of elected officials and another one on the plurality of mandates. All of this is going to be regulated so that coming generations are ready to meet these responsibilities.

[Question] Are we going to see the creation of municipal factories?

[Answer] We are in a country with a market economy. Credit and nine major industrial groups have just been nationalized. We have said that it was just that and nothing more. I do not think that there is any interest in municipalizing, or in other words in bringing into the public sector firms that can exist in the private sector.

[Question] Will that be prohibited? How is it going to be arranged?

[Answer] That is not necessary. In any event, the mayors in France--with a few exceptions--are capable and responsible people.

[Question] The powers of local officials have been greatly expanded. But what will the industrialists' position be in the new regional institutions?

[Answer] The most representative labor union leaders, association delegates and business leaders will now meet together in the economic and social committees and will be able to look at all the files of the cases they want to give an opinion on.

[Question] Between the nationalization of large firms and credit and the intervention of local governments, isn't there too much interference of politics in economics?

[Answer] It is the business leaders who are knocking at our door. It is not up to the mayors to intervene in private enterprise. It is our mandate and

responsibility to help establish firms, to help them start up and develop and to thereby fight unemployment. We are not going to go and ring their bells. Believe me, we have thousands of ways to constructively spend our funds without that, but local governments must have this possibility.

[Question] Regions can take over regional development companies. Isn't this interference?

[Answer] Tell me what the SDR's have done for regional development!

[Question] But the fact remains that they are the principal shareholder firms at regional level....

[Answer] What was the actual result? Do you know many firms established by the SDR's?

[Question] Some 40 percent of the holdings involve new firms....

[Answer] New firms? That was not the case with my region.

We have absolutely no desire to interfere in private business. I was the head of a firm before I became a minister. I know what private business is all about. We have no intention whatsoever to intervene, and we will only intervene when we are asked to.

[Question] What is Datar's position now? Will there be an important change?

[Answer] This involves an arbitration procedure which has not yet been completed, but a change is indispensable. Without it, there will be no decentralization, and France will be one of the last centralized industrial countries left. The iron collar of the national administration will choke the economy.

[Question] How do you rate your chances for success?

[Answer] 100 percent, modestly.

[Question] Don't you expect setbacks from the central administration?

[Answer] I may have some problems. Everyone will play his role. I will ask the other ministers to agree to have some of the services cut out in Paris so that they can be decentralized. I think they will go along with it. I am in fact acting in accordance with what the Socialist Party, the President of the Republic and the Prime Minister said during the election campaign. I have already made some concessions, which is normal, but the most important part will be carried out. The first bill regards the distribution of power between the national government and local governments. The elected officials, who have the new powers, will be my best allies.

In a few years, people will be surprised that this has not been done earlier and that France remained such a centralized state for so long. When this is completed --the same as for paid vacations--no one will want to go back to the old system.

[Question] They say that decentralization will have succeeded when the Inspection des finances can have a career in Hazebrouck. Is this true?

[Answer] Yes. The high officials will be able to carve out a career in the provinces--with the current benefits, of course (all the civil service laws will be kept). I would also like to create bridges between the different civil services (national, regional, departmental and municipal), so that government workers can work at municipal, departmental, regional or national level, as they wish. We are going to set up a civil service system that is much more interesting for everyone than the present one. This applies to both the workers and the users. Look at what is happening abroad: try to take power from Stuttgart, Hamburg or Munich.... The reform will be a complete success the day when the regional or departmental capitals have real cultural and economic power, as in the United States, Italy, Germany, Great Britain, and even in Switzerland.

This is what administrative and political decentralization is going to accomplish. What is going to be done will be irreversible.

9805

CSO: 3100/263

ORGANIZATION, METHODS, STATUS OF FOREIGN TRADE COME UNDER FIRE

Current Situation, Changes Suggested

Paris L'USINE NOUVELLE in French 10 Dec 81 pp 80-81

[Article by Eric Lecourt: "Foreign Trade: the Great Commotion"]

[Text] Next week, the Council of Ministers is going to take on a stronghold of the French administration: foreign trade. There is agitation in the organizations involved, because the reforms will touch both people and structures. It must be recognized that up to now, the efficiency of some of the bodies aimed at has been open to criticism.

When Paul Chomat addressed the National Assembly to present the report on foreign trade during the budget discussions, he broke with tradition: while his predecessors made do with a few lines, the representative from Saint-Etienne was holding a 60 page analysis of the organization of French foreign trade. An explosive document, which states: "The Ministry of Foreign Trade is an empty shell. The management of the French Foreign Trade Center [CFCE] is arbitrary and its organization inappropriate. The French mechanism for aid to exports is one of the most serious ones, but it is truly ruinous. The current structures favor primarily large enterprises and the signing of large contracts."

Commotion in the small world of foreign trade. This challenge comes at a critical moment. The frailties of our foreign trade are becoming more pronounced. "It is no great fortune," admitted Michel Jobert at the presentation of the latest figures from the balance of trade. That is the least one could say... Our trade deficit with industrialized countries is deepening: 14.4 billion French francs with the FRG for the first 9 months of 1981; with Japan, it will nearly double in relation to last year. The good results with the OPEC countries and especially with the developing countries can no longer compensate for these substantial weaknesses: France is accumulating debts with regard to the industrialized countries and (questionable) financial claims on the Third World.

From a sectoral point of view, the picture is also darkening. Our positions are deteriorating in several sectors: industrial plants, machine tools, data processing, professional electronics and instrumentation; this decline does not apply to arms, aeronautics and electrical equipment, without forgetting "green oil." But the surplus in agricultural food products is primarily due to our exports of unfinished products.

The international situation is not going to boost our exports either. Growth among our major partners remains modest and will not accelerate much next year. For the oil producers, the stagnation of sales will lead to a deceleration of investment programs. True, not all these difficulties can be attributed to the structures of foreign trade in France. But, because of the scope of these problems, the effectiveness of those structures must be increased. And it seems that the government is ready to take fundamental measures.

Reorganization of CFCE

"The quality of the economic and financial information placed at the disposal of the exporters is one of the keys to success. Therefore, a reorganization of the activities of the French Foreign Trade Center would seem essential," noted Pierre Mauroy a few days ago speaking to the employers of the Rhone-Alpes region, meeting in Lyon. Do the remarks made by the prime minister imply a condemnation of the development plan put in place since 1979 by Guy Caron de la Carriere, the director of the Center? Certainly.

Even though the activities of the CFCE have become more sectoral and provide ever more precise information, they are still severely criticized. "Useless for us," proclaim the large enterprises; "inappropriate," grumble the PME [Small and Medium Sized Businesses]. Between the large groups and the foot soldiers of French exports, the CFCE never clearly chose its course. In the face of these reproaches (and those included in the Chomat report are particularly virulent), Guy Caron de la Carriere tried to explain: "The Center is a public service, not an advice organization. We have to satisfy everybody and his brother!"

Determined to clear up the situation, Jerome Monod, president of the board of directors of the CFCE, ordered an audit at the beginning of this year. The arrival of SEMA [Company for Applied Economics and Mathematics] -- whose conclusions will be known in January -- provoked gnashing of teeth among the officials at 10, avenue d'Iena... The case is complex.

First black mark: the Center's computerization. The directory of exporting companies (Francexport) and "Ulysses," the computer file based on that directory, are neither useful nor practical for our exporters. Wrong addresses, incomplete telephone numbers, incorrect information, unfortunate omissions, such as that of the CGE [expansion unknown] (the Ambroise Roux group had not returned the questionnaire, but the Center's services did not notice that the fourth largest French exporter was missing). "We have underestimated the difficulties of developing a file based on statements made by enterprises," admitted Guy Caron de la Carriere. Taking past errors into account, the third edition of Francexport (to come out in February 1982) has been completely revised. And with "Telemachus," which has now been tested with 300 companies, the CFCE is entering the field of personalized diffusion of information (business opportunities, regulation changes...).

Second black mark: missions and product testing abroad. "The absence of priorities by sector excludes professions which are not very well organized for exportation, even though markets do exist," noted Paul Chomat, who stressed some waste and the dispersal of means. "We establish our programs in keeping with the professional organizations," answered Guy Caron de la Carriere. But numerous public missions, announced for the 1981 program, did not take place for lack of candidates!

Insufficient coordination or a formula which needs to be revised? In 1982, the CFCE is going to change its stand somewhat and will develop individual missions to India, the United States and the FRG. Similarly, it is going to complete the studies ordered by groups of companies by providing more detailed and more personalized analyses.

Third black mark: centralization. The Center's 16 regional agents do not cover the whole territory. Far from it. This poor centralization partially explains the moderate participation of the PME in the activities of the Center. While, according to a study conducted by Sup' de Co Lyon among the PME of the Rhone-Alpes region, virtually all of them stated they know about the Center, only 57 percent of them make use of it.

The year 1982 will be the year of the strengthening and development of the regional network, for which 10 million French francs have been released. With the cooperation of regional public institutions, the trade counsellors on missions in the regions and the regional agents of the CFCE will constitute new, more powerful, units to reinforce their actions with the PME (mini-CFCE's in the regions).

Beyond the important problems related to its organization, the Center will definitely have to indicate new directions in favor of the PME. Which will require greater financial means and more manpower. Its upcoming move to the Defense Ministry or a new city will already provide it with more functional offices, for lack of a new policy.

Limiting Cost of Bonuses

The rapid increase in the overall financial cost of export credits is due primarily to the growing burden of interest rate bonuses. This increase is due to a double movement: the progression of the interest differential between the domestic French rates and those of the OECD consensus, and, on the other hand, the acceleration of our sales to countries to which we have to provide the financing necessary for the purchase of our goods or equipment. Furthermore, these bonuses primarily benefit large contracts and the sale of equipment; most of the time, they fall in the moneybag of the large groups.

"We are going to facilitate the recourse to the financing of exports in foreign currency," specified Pierre Mauroy, who is contemplating the creation of a real term market for foreign currencies in Paris.

Favoring Current Trade

While there is no question of abandoning the policy of large equipment contracts (more than 120 billion French francs in 1981), the government wants to give current exports a little push in the right direction. The French Insurance Company for Foreign Trade [COFACE] is going to expand some of its procedures to include consumer goods which had been excluded up to now. Guarantees will be developed. At the same time, canvassing on foreign markets and commercial investments abroad by the PME will be better supported.

New Powers

"We are discussing a non-budget and a non-ministry," Michel Jobert told the representatives half-humorously. Today, Georges Pompidou's former minister of foreign affairs is a king without a kingdom: not a single service is directly attached to his ministry. The BFCE [French Foreign Trade Bank], COFACE and even the CFCE have always managed to keep a large freedom to maneuver. The minister of foreign trade is first of all a traveling salesman, a status which does not satisfy Michel Jobert much: "The current situation is prejudicial to the restoration of the balance of our exchanges," warned Paul Chomat, who called for new powers for this ministry. "It is necessary to affirm its authority over the BFCE, COFACE, the CFCE, Actim and Sopexma. Not to mention the linking of the Directorate for External Economic Relations [DREE], which today is under the supervision of the Ministry of Economy.

At the rue de Rivoli, they open up the umbrella and let the thunderstorm pass by: "Since time immemorial, the ministers of foreign trade have been trying to lay their hands on the DREE. However, one should not forget the close ties between this directorate and the Treasury for setting up important financing arrangements." This response is not likely to satisfy Michel Jobert, who is anxious to strengthen his authority at a time when his ministry wants to stimulate some 15 priority sectors (machine tools and robotics, electronics for the mass public, office automation, bio-industry and pharmaceuticals...). But to take from the Ministry of Economy in order to add to the Ministry of Foreign Trade is not going to happen in a hurry.

To say that the reforms being studied foreshadow the creation in France of an organization similar to the Japanese Miti is premature. Nevertheless, the idea is in the air. Some government ministers are fervently defending it. Among them is Jean-Pierre Chevenement, who is currently on a visit to Japan. Certainly not a simple coincidence...

One Example: Andean Pact Countries

Paris L'USINE NOUVELLE in French 10 Dec 81 pp 99-101

[Article by Daniel Solano: "An as yet too Timid French Breakthrough"]

[Text] Energy, transportation, mines, telecommunications, agricultural material... The countries of the Andean Pact represent the classic example of developing countries which industrial nations could become interested in to find new markets. France could certainly do better.

The Andean countries are perceived in France more as objects of tourism than as an economic stake. However, for a growing number of French enterprises, these clichés are no longer valid. Indeed, a number of contracts have been obtained recently in that part of Latin America where the French presence has been traditionally weak. As a matter of fact, one could talk of a breakthrough, even though it remains overall a modest one.

The countries of the Andean Pact (Venezuela, Colombia, Ecuador, Peru and Bolivia) as a whole represent a market of 73 million inhabitants and a not insignificant economic potential. It is true that some of these countries are experiencing economic and social difficulties which cannot be ignored. Nevertheless, the Andean countries as a whole have unquestionable assets, the most important of which is the profusion of natural resources, specifically energy.

"The Andean countries are relatively homogenous developing countries," explained Francisco Rubio, director of the Franco-Latin American Chamber of Commerce. Indeed, from one country to another the economic profile is similar: PIB [Gross Domestic Product] per inhabitant below \$1200 (except for Venezuela, an oil producing country); notorious underdevelopment of agriculture; inadequacy of infrastructures and of public services; demographic pressure generally higher than the already high average of Latin America; rural exodus and galloping urbanization. In summary, tremendous needs both from the agricultural and industrial point of view and from that of satisfying the needs of the people.

Paradoxically, these classic symptoms of underdevelopment coexist with clearly more positive elements. Colombia, for example, has a diversified industrial structure and exports manufactured products. In Ecuador, the growth rate of the processing industry reached a yearly average of 9 percent between 1976 and 1980. In Venezuela, oil provides more than two-thirds of the state income and makes it possible to finance a high level of imports of merchandise (\$10 billion approximately in 1980) in relation to the number of inhabitants (15 million).

The main asset of these countries lies in the abundance of natural resources. Venezuela and Ecuador are members of OPEC. Peru is also an oil exporter and has significant mining deposits. Colombia has a hydro-electric potential of 93,000 megawatts, which has barely been exploited, and substantial coal deposits, among which is the one at El Cerrejon (anticipated production in 1989: 19 million tons). Finally, Bolivia, the poorest country, is endowed with significant tin deposits and natural gas, and it is self-sufficient in general.

Under these circumstances, the viability of these countries is assured, even if the majority of them are currently experiencing social tensions and difficulties of economic growth: "stagflation" in Venezuela; high inflation in Peru (60 percent in 1980); quasi-bankruptcy in Bolivia. A last important element: the existence of democratic regimes in all the countries, except for Bolivia, which should be stressed.

Moreover, these different countries are joined together within the framework of the Andean Pact, the objective of which is to promote economic integration. Concrete results have been limited, even though intra-Andean trade has shown strong progress. The main element of the community achievement remains "Decision 24," which regulates foreign investments: specifically by fixing the maximum amount of profits which can be repatriated at 20 percent.

French Presence Modest, Real

The Andean countries represent approximately 20 percent of French trade with Latin America. Venezuela is the major market and the fourth largest in Latin America (11.4 percent of French exports). Overall, the French presence is far below the

French Balance of Trade: in deficit
Foreign Trade of France with Andean Countries
(in millions of French francs)

	1980		1981 (January-September)	
	Exports	Imports	Change compared with the same period in the year 1980	
			Exports	Imports
Bolivia	64	187	+ 406.0 %	+ 32.6 %
Colombia	715	613	+ 18.2 %	- 20.9 %
Equador	195	192	+ 7.1 %	- 71.0 %
Peru	286	350	+ 228.3 %	+ 12.4 %
Venezuela	1520	1529	+ 48.7 %	+ 109.0 %
TOTAL	2780	2871	+ 37.9 %	+ 47.1 %

Source: Franco-Latin American Chamber of Commerce.

One should note the prominent place occupied by Venezuela in trade between France and the Andean countries. For the year 1980, the exchange balance registered a deficit of 90 million French francs. For the first 9 months of the year, French sales have been satisfactory in terms of Peru and Venezuela.

potentialities. In Peru, for example, the French share of imports regularly decreased between 1977 and 1980, going from 2.8 percent to 1.9 percent. The level of French investments also appears very weak: 1.9 percent of all foreign investment in Peru; 1.5 percent in Venezuela...

However modest it may be, the French presence is no less real. Thus the DMC [expansion unknown] textile group covers the Andean Pact countries through a tight network of subsidiaries, some of which were established during the fifties. Elf-Aquitaine is present in various capacities in Venezuela, Colombia and Peru.

The state owned Renault company provides an example of a successful implantation. "Renault is the first automobile company to have believed in the Andean Pact," stated Bernard Peirani, director for South America. In Colombia -- through Sofasa, a company in which it holds 50 percent of the capital -- Renault sold 23,000 vehicles in 1980, or 55 percent of the market. The same year, Renault Venezolana realized 7 percent of the sales on a reputedly difficult market.

Other French enterprises can congratulate themselves on the results they have achieved. Thus CGEE [General Electrical Equipment Company]-Alsthon, in cooperation with Cogelelex, is planning to install high tension equipment in Venezuela, intended to transport electricity from the Guri dam to Caracas. The same company is the leader of a consortium of French enterprises to which the expansion of the Machu Picchu power station in Peru has been entrusted. A director of the company commented: "The Andean countries correspond completely to the profile of our activity."

Other contracts have been registered by French companies during the last 12 months. Among the most important ones, the following should be noted:

- the completion of part of the work on the Guavio (Colombia) dam by a consortium formed by Campeonon - Bernard and Spie - Batignolles;
- the construction of a sugar refinery in Bolivia by Fives - Cail - Babcock;
- the equipping of a paper factory (capacity: 260 tons per day) in Colombia by Creusot - Loire Enterprises;
- the contract signed with the Colombian government for the launching of a satellite, Satcol 1, in July 1984, in Kuru, Guyana.

These various contracts should be translated in 1982 and 1983 into a noticeable increase of French exports to the Andean countries. Overall, potentialities do exist, all the more so since the governments of the region want foreign participation. Thus, Colombia has just submitted a public investment program of \$19.4 billion.

Overall, the needs are substantial. The sectors of energy, transportation, mining, and telecommunications offer opportunities. A special mention should be made of agricultural materials and technology.

Under these circumstances, the main problem is that of financing in order to make it possible for those countries to equip themselves. The Andean countries represent the classic example of developing countries which industrialized countries could take an active interest in.

8463

CSO: 3100/262

MANAGERS, EMPLOYERS EXPRESS VIEWS ON GOVERNMENT, ECONOMY

Uncertainty About New Policies

Paris LE POINT in French 4-10 Jan 82 pp 36-38

[Article by Claude Sales]

[Excerpts] The scene took place at the Convention Hall in Paris last 8 December. The School for Advanced Business Studies was celebrating its 100th anniversary. Students and alumni, employers, managers, senior executives, experienced executives and those just starting out were squeezed into the big lecture hall, which was crowded to overflowing. On the podium, Francois Mitterrand was delivering the final speech. At first he was listened to in respectful silence, but then he broached the subject of nationalizations. At that point, the very civil and usually courteous audience suddenly cut loose with whistles and catcalls. The president of the republic, being a good debater, turned the situation in his favor by praising the virtues of the spirit of enterprise and concluded with a warm appeal for solidarity.

The incident--or outburst--lasted only a few seconds, but it was an eye-opener. Commented one participant at the close of the meeting: "You have put your finger on the sore spot for French executives. The nationalizations are sticking in their throats. They do not understand them. They do not see what dynamism they will be able to breathe into the economy. What is more, almost all of them consider the nationalizations an obstacle to our development." What about salaries, the tax burden, and the higher social security contributions--aren't the executives interested in those matters any more? "Of course they are. In some cases more than ever, in fact. But the concerns they express on those points come later. Or rather, it is the entire picture that must be considered in the period we are going through."

It is true that in this "period we are going through," the arrival of the left in power has created considerable agitation among the executives--whether managers or department heads, administrators or engineers, and whether in finance or commerce. It is not without reason that the government is preparing a major roundtable on management or that seminars and congresses this past yearend were filled with their gloom or their hope.

For almost the past decade, the question on people's lips at every important election has been this: for whom are the executives going to vote? This time we know: in the latest presidential and legislative elections, some of them abandoned Giscard

for Mitterrand and the rightwing parties for the PS. How do they feel today, after 7 months of experience in the field? Their religion is not a unanimous matter. This apparently homogeneous and united population is not unanimous in its feelings and convictions of approval or hostility with respect to Pierre Mauroy's government--as we will see--but it is unanimous in its criticism of certain key points which, in its opinion, would call into question the nature of enterprise.

There is, for example, the problem of the spread in salaries. According to the latest study by the CERC (Study Center on Revenues and Costs),* the ratio between the average salaries of senior executives and the wages earned by workers is shrinking steadily. After reaching a peak ratio of 4.8 to 1 in 1967, the gap has been closing, amounting to 3.5 to 1 in 1980 and--probably--around 3.4 to 1 in 1981. There is also the matter of purchasing power. Again the CERC shows that while executive purchasing power increased between 1970 and 1975 along with that of other social categories--although at a slower rate--it has stagnated and even regressed since 1975. As far as the coming year is concerned, the prospects are rather grim. All the experts consulted on this point agree: from the tax burden to the increased tax on company overhead and from a possible freeze on high salaries to the increase in social security charges, there is no lack of scenarios. And some are painting an increasingly woeful picture of the situation of executives under leftist leadership.

But beware! Those figures call for three remarks:

The first is that the policy they reflect did not begin with Mitterrand's election and the arrival of the socialist wave in Parliament. It is the result of a determination to reduce inequalities that was begun by the previous governments. Was it not Raymond Barre who first made the decision to put a freeze on high salaries?

The second is that statistics are sometimes deceptive. The personnel manager in one big firm explains: "I don't challenge the figures. They reflect important and significant trends, but they do not express the firm's daily life. A ratio of 3.5 to 1? On average, that is correct. But French people, whether executives or workers, do not live 'on the average.' To get a true picture, one must look at the reality in each enterprise, and there the gap is much greater."

Lastly, the figures also reflect the evolution of a society. One high-level executive confided: "I am always irritated when I hear my colleagues complaining about their social security charges and taxes. Without even going into the question of redistribution, are they forgetting the 'services' rendered by the state, even though it is the fashion to criticize them?" To which one of the accused colleagues responds: "I am not forgetting anything at all, but all the same, there is a balance that must be respected."

And that is the core of the matter. Has the threshold of imbalance been crossed--or is it going to be? During the seminar on executive compensation sponsored by the Lamy Social Week, Edoardo De Martino, vice president of the TPFC consulting firm, said that it has. After showing the combined effects of inflation, the tax burden, and the social security charges on various salary levels, he said: "Those three

* "French Incomes: Third Report," Albatros Publishers or CERC Document No 58.

factors... pose even more acutely the question of executive motivation and of the ability of executives to accept such a situation any longer, and thus of their willingness to take on even greater responsibilities." He added: "This question is all the more serious in that an even greater effort is being imposed on the executives today in practice in the name of solidarity." Other people feel that the threshold has not been crossed. That is the opinion, for example, of Jean-Marc Liegois, deputy chairman of the ANDCP (National Association of Personnel Managers and Supervisors), which represents more than 4,000 such officials. He says: "For the moment, I have not noticed any sign of demotivation. There is no protest movement underway by the executives in the firms on this subject." And the national chairman of the ANDCP, Jean-Bernard Forcade, emphasizes strongly: "Salaries are a means of measurement and not an end in themselves. The first motivation an executive has is to test his knowledge and know-how--to invent and create--and to do so despite the obstacles. It also involves a certain taste for power and the need for social position. And in difficult periods, people generally show a greater sporting spirit and a greater spirit of competition."

But what is at issue behind all these debates is the behavior of the executives--and especially those with responsibilities--in response to the leftist government. But how can it be gaged? Some say that the left is leading the firms to catastrophe, while others say there is no harm in waiting. In fact, the prevailing attitude is one of realism, with a dash of optimism in some cases and a dash of pessimism in others.

The "optimistic realists" like to point out that the prophets of doom have been wrong. One of them said: "Do you remember back before the left came to power, when all the Cassandras were saying there would be one strike after another and an inflation rate of around 20 percent? Nothing happened. So let's wait and work." And how about the future? "Well, it is not rosy, that is true. The economic war is continuing. That is one more reason to mobilize." What about salaries? "Yes, we will probably lose some of our purchasing power, but after all, we are not the worst off." And the Auroux Report? "Listen, the obligation to negotiate does not strike me as too much to swallow. Besides, Parliament has not yet reached a decision on this matter."

The "pessimistic realists" also admit that the situation could be worse, but they still cannot believe in economic success by the left. "Whatever they say, the Socialists believe neither in profit nor in the virtue of enterprise. We do not have the means for rigorous management, which is so necessary for winning the economic war. We are in danger of seeing our competitiveness deteriorate." What about salaries? "We are going to foot the bill!" And the Auroux Report? "The CGT and the CFDT are going to exert constant pressure on the firms. You'll see--it will become intolerable."

Those two viewpoints are apparently irreconcilable and contradictory. And yet they can coexist in the same executive, according to circumstances. One of them sums up this paradoxical situation rather well: "Sometimes the Mitterrand-Mauroy team reassures me, and sometimes it disturbs me." "Neither enthusiasm nor despair. For the moment, nothing has changed," says another.

Jean Masson, who has just taken over as general manager of the Bernard Julhiet Offices (training consultants), agrees: "Yes, on that level, nothing has changed since

the elections. I notice that company heads are looking for competent and sharp people. The qualities they are looking for are the same now as they were before the election: they want men who have character and an enterprising spirit." "But," adds the chairman of SYNTEC (which represents research firms and recruitment firms), "we note a concern for security on the part of executives which hampers their mobility." Agreeing with him is Herve Hoppenot, president-director general of SVP-Human Resources and chairman of the National Association of Recruitment Consultants (CSNCR). He explains: "The firms are becoming increasingly selective and are looking for the best. But I have never seen so many applicants give up at the end. People have no taste for adventure."

Does this mean that with Mitterrand having been elected president of the republic and cohorts of socialist deputies having disembarked in the National Assembly, French executives are going to continue to work as before, despite some moodiness or a few worries? No. Beyond their political disagreements and their assessment of the future, there is one point on which the great majority of them seem to be unanimous, and that is the nationalizations. During this survey, many of them expressed their fear of a bureaucratization of the firms, a loss of competitiveness, and the abandonment of new markets. They all repeated as one: "What purpose do the nationalizations serve? The state has other ways of intervening." Jean-Bernard Forcade, more calm, comments: "Initiatives have been taken in every era. When the state intervenes, some people see security in it, while others see a brake. But isn't it our collective ambivalence to be divided between security and risk?"

On the 100th anniversary of the School for Advanced Business Studies, did Mitterrand convince the executives that the nationalizations would not be what they feared? The question remains. In any case, one minister (who is not known as being one of the moderates) confided in private the other day: "The men whom we will place at the head of the nationalized companies will be crucial to our credibility."

Employers React to Delors' Speech

Paris LE POINT in French 11-17 Jan 82 pp 30-31

[Article by Maurice Roy]

[Text] What an exploit! While Pierre Mauroy received a glacial and even angry reception from the company heads assembled by L'EXPANSION not so long ago, Jacques Delors was applauded and acclaimed by the same public. Striking a skillful balance between reason and faith, honestly confiding his hesitations and doubts, and calling on the French to put forth an effort in the purest Raymond Barre tradition, the minister of economy and finance won over the most unwilling, at least for the moment. If he achieves his objectives, he will soon be crowned "France's best economist." Unfortunately, he is far from having won that crown.

Warming the hearts of 600 employers was not an easy job in itself. If we are to believe their responses to SOFRES [French Opinion Polling Company], French company heads have never been as pessimistic as they are now. According to the SOFRES poll conducted for L'EXPANSION between 30 November and 10 December, more than 9 out of 10 employers (91 percent) feel "rather" or "very pessimistic" when they consider the economic situation in 1982. More than 8 out of 10 (81 percent) think there is

a "very big" or "rather big" chance that the franc will be devalued against the German mark this year. An even greater percentage (86 percent) does not intend to increase investments this year. Nine out of 10 expect unemployment to total between 2 and 3 million at the end of 1982, and 8 out of 10 expect prices to rise by between 12 and 18 percent this year.

Thus the strange and painful gulf between the opinions of the French employers and economic reality that has prevailed since 10 May is widening to the point of caricature. The wildest predictions that were voiced after the Socialists became the majority have proven false. The company heads had been unsuccessfully demanding of Raymond Barre that he institute a policy for boosting consumption, and has not Pierre Mauroy done precisely that for them?

It seems that the employers see only the shadows in the French economic picture. While those shadows do not date from 10 May, it is true that they have not brightened since then. Unemployment has passed the symbolic figure of 2 million and will probably grow even worse after a seasonal improvement this spring. Prices have not literally gone out of control, but while they rose by 13.6 percent in 1980, when France was absorbing the terrible second oil shock, they exceeded 14 percent last year, and this time oil could not be blamed. As for the outlook for 1982--a rise of about 13 percent in a very favorable international environment--it is not too good in comparison with the prospects for countries competing with France: on the average, their inflation will decelerate to a rate of 8 percent annually. France's trade with the rest of the world is and will continue to be obstinately in the red: there was a deficit of nearly 60 billion francs last year, and a deficit of more than 70 billion is expected this year. Productive investment is stagnating or declining.

Jacques Delors admitted on Thursday: "We have taken some risks: the risk of permissiveness, meaning an uncontrolled acceleration that we do not want, and the risk of precariousness, in which the recovery would be the result of merely temporary stimulation." he says he wants to combat both those risks by applying, he says, a principle: "Neither too much nor too little."

His main gamble is no doubt that of "expecting the annual rate of price increases to total 10 percent during the last quarter of this year." In an attempt to achieve that figure, he last Wednesday launched a "price truce" operation involving a voluntary 3-month freeze by merchants on prices for about 100 consumer items. After a temporary freeze, he will also place the price of services on probation by signing "regulation agreements" with professional people. That is a new name for the "commitments to moderation" sponsored by the previous government.

But like Raymond Barre not so long ago, Jacques Delors is not expecting a miracle from such a policy. At most, he hopes to slow the rate of deterioration. In his opinion, the only effective weapon against domestic inflation would consist of putting an end to the automatic pegging of wages to prices. Because while the housewife complains in principle about price rises, her wage-earning husband puts up with them, being certain that when all is said and done, his living standard will remain unchanged at worst.

To "break the inevitability of inflation," as he calls it, Jacques Delors wants the firms in the private sector to take inspiration from the first agreements that have

just been signed in the public sector. They call for salary increases ranging from only 2 to 2.75 percent for the first quarter, thus anticipating a relatively moderate rise in prices. If prices rise faster than that, adjustments will be made at the end of the quarter, but--and the minister of economy considers this the essential point--incomes will not have anticipated a high inflation rate and thus will not have contributed to making the worst always a sure thing.

Such talk is reasonable, but will it be heard by those on whom the success of the operation depends: the unions, of course, but also the employers? Yvon Gattaz repeated on Thursday at the forum sponsored by L'EXPANSION that "we approve of certain objectives in the government's policy, but we often disagree on the means necessary for achieving those objectives." And the new chairman of the National Council of French Employers summed up his attitude toward the government this way: "Neither submission nor opposition."

He immediately illustrated his point by addressing a cry of alarm to the government. He said: "It is necessary to wake up to the extremely serious financial situation in the companies. There has been justified talk of a 'historical low point'--of a situation without equal since the end of the war." That is why, he added to the applause of 600 employers, "every wage, social, or tax measure and every regulation that would penalize the financial recovery of the companies will automatically backfire on growth and employment."

Yvon Gattaz also said on Thursday: "Jacques Delors spoke like a businessman." It was fine praise, and it was ratified by those present. But the ultimate proof of the deep pessimism among the employers is that on being polled by SOFRES, 63 percent of them said that this minister of economy, who knows how to talk to them so well, will no longer be in office by the end of the year.

Delors' Specific Proposals

Paris LE FIGARO in French 8 Jan 82 p 9

[Text] The message got across, apparently. Jacques Delors gave his listeners to understand that social dialogue may be one of the driving forces behind economic progress, thus reversing the equation that says economic progress is a factor for social progress. The minister of economy and finance also announced for the first time the upcoming establishment of "development and competitiveness contracts." Those contracts, which will be freely negotiated between employers and employees in each firm, will reflect the involvement of wage earners in the effort being made to develop activities in a difficult context.

The minister discussed several topics:

Shorter workweek: It is a matter of "working less individually so as to work more collectively," and "no law is going to establish rules for dividing up the work." Reductions through the reorganization of work will result in productivity gains which, in turn, will allow greater "flexibility in the firms"--that is, "planning the use of human capital under the same conditions as those under which equipment capital has been planned."

Taxes: "We want to demonstrate that those receiving nonwage income are treated the same as everyone else." That is one of the objectives of the reform now under study. Concerning the rise in fuel prices, he said there would be no other tax reforms in 1982. An increase in the indirect tax is not the panacea. The value-added tax cannot be applied in every case. "I used to think that the percentage of direct tax should be higher. Now I am perplexed. I don't know. I am listening and thinking about it."

Interest rates: It is normal that interest rates should be higher than the rate of inflation. There has been a demand for truth about industrial prices; what is needed is truth about interest rates. Keeping interest rates high amounts to detoxifying oneself of inflation.

Recovery: There are two traps: "permissiveness," which would lead France "into the machinery of uncontrolled acceleration, which we do not want," and the "precariousness of an artificially stimulated recovery." Exports, investment, and the deceleration of inflation will give the recovery a lasting character. Those three factors depend on the businessmen.

International environment: "France has more in its favor than is thought." The other Western countries are experiencing the same difficulties. So the taking of power by the left is not the cause of the difficulties being experienced by the firms. But according to Jacques Delors, it is necessary to achieve closer solidarity between the United States and Europe. This would be reflected in dialogue between the countries in the European Monetary System, the United States, and Japan and the strengthening of a European monetary pole. Rather than talking about a reconquest of the domestic market, Jacques Delors expressed the idea of a reconquest of the domestic market on a European scale.

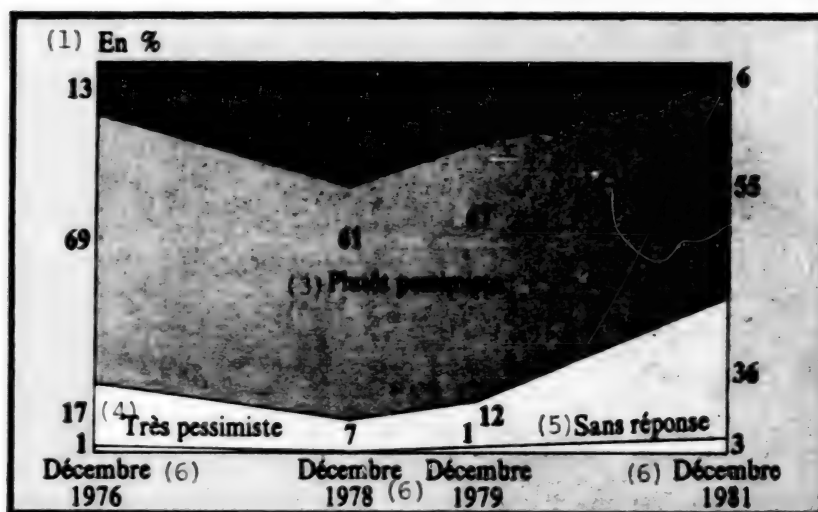
Socialist concept: Democratic alternation in power must succeed. The climate of misunderstanding must cease. The minister said he would oppose anything moving in the direction of radicalization, because radicalization is not part of his temperament.

Most Employers Pessimistic About 1982 Economy

Paris L'EXPANSION in French 21 Jan 82 pp 80-81

[Text] The graph below illustrates it clearly: never in the past 5 years--that is, since we came out of the first oil crisis--have French company heads been so concerned about the near future. That is the basic lesson to be learned from the poll conducted by SOFRES on the occasion of the L'EXPANSION forum of 7 January. To anyone familiar with polls, a response that is 91-percent pessimistic ("rather pessimistic" or "very pessimistic") is the equivalent of a tidal wave of opinion. That such a reaction should have been recorded immediately after the election of 10 May, or even (as it was by L'EXPANSION) during the few months when uncertainty still prevailed as to the direction the socialist government would take, is understandable. But now that the called-for "rule of the game" has been more clearly defined, and with the economic outlook being far from disastrous, at least for 1982, it must be admitted that this is no longer merely a matter of alarmism. What we are dealing with is persistent opposition from the employers as a whole.

When you consider the economic situation in 1982, do you feel...?



Key:

- | | |
|-----------------------|---------------------|
| 1. Percentages | 4. Very pessimistic |
| 2. Optimistic | 5. No answer |
| 3. Rather pessimistic | 6. December |

To be sure, part of their discontent can be explained by the gloomy economic atmosphere of the past year: 51 percent of the company heads questioned felt that their operating results deteriorated in 1981, while only 21 percent said there was improvement, and 27 percent said there had been no change (these results are not included with this article). That is the worst assessment for any of the past 5 years. But the important thing is the almost unanimous agreement that no improvement is to be expected in 1982: only 4 percent expect to increase their work force in the coming year, 6 percent expect to increase the rate of utilization of their production capacity, and 8 percent expect to increase their investments. Most of them expect stagnation, and a high percentage expects the situation to deteriorate. In addition, 45 percent feel there is "a very great chance" that in 1982, the franc will again be devalued against the German mark, while 36 percent feel there is a "rather great chance" of this happening. On many other questions (increased unemployment, the risk of social conflicts, price rises, and so on), the responses by the company heads witness to the same increase in pessimism with respect to 1982.

The various measures already adopted by the Mauroy government are generally regarded as harmful to the French economy. Only the drop in interest rates meets with massive approval. Investment aid, the fight against tax fraud, and the solidarity contracts are given halfhearted approval. All the other measures are viewed negatively. This is particularly true, as one might guess, of the wealth tax, the shorter work-week, and the nationalizations.

Since it came to power, the Mauroy government has adopted a number of measures. Do you feel that those measures will have positive, negative, or no consequences for the entire French economy?

<u>Percentage of those responding</u>	<u>Positive</u>	<u>Negative</u>	<u>None</u>	<u>No opinion</u>
Lower interest rates	81	5	11	3
Increased investment aid	39	8	46	7
Stepped-up battle against tax fraud	44	13	38	5
"Solidarity contracts"	36	12	48	4
Introduction of the "Interim Plan"	9	11	50	30
Establishment of an income policy	17	33	35	15
Freeze on the price of services	18	45	31	6
Restrictions on temporary employment	13	47	35	5
Devaluation of the franc	17	52	27	4
Increased social benefits	13	67	15	5
New workers' rights	6	65	24	5
Wealth tax	6	66	24	4
Nationalization of banks	6	73	18	3
Shorter workweek	6	73	18	3
Nationalization of big industrial groups	3	86	8	3
Hiring of several tens of thousands of government employees	5	89	4	2

Compared to current levels, how do you expect the following to change in 1982?

<u>Percentage of those responding</u>	<u>December 1981</u>	<u>Results of Dec 78 poll</u>
Utilization rate of your production capacity:		
It should increase	6	15
decrease	40	24
stay the same	44	59
No answer	10	2
Your work force:		
It should increase	4	9
decrease	33	19
stay the same	60	71
No answer	3	1
Your investments in France:		
They should increase	8	-
decrease	41	-
stay the same	45	-
No answer	6	-

It is interesting to compare those figures (shown in the table on the previous page) with other figures--not published here--expressing the opinion of employers not on changes in the French economy in general, but on the effects of the Mauroy policy on their own firms. In such cases, one often notes that the people questioned are much less pessimistic about their own futures than about their common fate. But that is not the case here: the effect on individuals is viewed as just as gloomy as the general outlook. With only one exception--an interesting one--and that concerns the nationalizations. Company heads are personally much less concerned about the nationalization of the big industrial groups, and that is an understandable response, considering the sample questioned. But the nationalization of the banks (which, in fact, affects everyone), while widely disapproved of, is disapproved of less strongly on the personal level than on a general level.

It is not surprising, therefore, that Pierre Mauroy personally is judged severely: 73 percent of the employers have a poor opinion of him, and only 18 percent have a good opinion of him. The only Socialist ministers to escape the discontent of the employers are Jacques Delors by a strong majority and, less so, Michel Rocard and Pierre Dreyfus. On the opposition side (figures not published here), most of those questioned place their hopes in Jacques Chirac, and the heads of the big firms still have a weak spot for Raymond Barre.

For the rest of it, the company heads do not expect very rapid political changes. For 1982, they predict the appearance of a strategy for more economic planning directed at them. So there is nothing to indicate that they might get over their pessimism in the near future.

The poll was conducted between 30 November and 10 December 1981, using a national sample of 642 company heads representative of all company heads.

11798

CSO: 3100/279

GOVERNMENT ANNOUNCES SECOND PART OF ECONOMIC MEASURES

Economic Program Listed

Athens EXORMISI TIS KYRIAKIS in Greek 10 Jan 82 pp 3, 11

/Article by Giorgos Stathis: "Infrastructure Is Being Developed To Implement the 5-Year /Plan/"

/Text/ The outline of the "second cluster" of economic measures, Premier A. Papandreou announced last Sunday, completed the shape of the economic policy which will be followed during 1982.

An objective review of the framework as it was formulated by the two "clusters" and the ministerial amplifications that followed lead to the conclusion that the government intends to prepare the ground during this year for the beginning of a long-range program of economic and social development, in keeping with the choices of the political party which was honored with the people's confidence in the recent election.

The need for such a timing of the movement for the restructuring of the Greek economy has been repeatedly underlined by today's premier in the past as well as during the electoral campaign. Specifically, it had been stated that the first measures of the PASOK government will aim at taking the country out of the present economic swamp of stagflation, while at the same time setting on the road to realization the necessary conditions for the transformation of the Greek economy and, by extension, of the society as a whole.

Therefore, the designation of 1982 as the "straits" the Greek economy must successfully go through before the implementation of a 5-Year Plan of Economic and Social Development can start, is in full accord with PASOK's preselection declarations.

It must also be underlined that the measures which were announced are fully inter-related and clearly serve the government's economic philosophy which dictates a policy based on the following parameters:

1. Ending the policy of credit limitations which in the end foster stagflation.
2. Increasing investments with strict control on the use of credits.

3. Increasing public revenues by wiping out tax evasion.
4. Strengthening demand by subsidizing the incomes of weaker income groups.

The specific measures of the second cluster as announced on Sunday are divided into the following categories.

Development Incentives

The premier referred at the beginning to the incentives for undertaking new investments by private investors, criticizing the known Law 116/81 and identifying as its basic weakness the failure to evaluate the proposal and control of the use of credits.

The new law for strengthening private initiative which the government is planning to draft will be governed by the following features:

- a. Tying the granting of credits to the development targets of government policy and especially to decentralization on the basis of priority to be determined by the needs of each given area.
- b. Decentralization of the services for the evaluation of applications asking for placement under the provisions of the new developmental law and the services which will monitor the implementation of the corresponding projects and the good use of subsidies.
- c. Evaluation of applications with the criterion of desirability of each investment from the point of view of national economy (increase of employment and exports, import substitution, energy savings, technology, environmental protection), the private economy prospects of viability of an enterprise and the real contribution of the entrepreneur in terms of capital.

It was explained that the applications submitted under the provisions of Law 1116/81 will be reexamined. More details concerning the new developmental law were to be made public yesterday morning by Deputy Minister of Coordination Pan. Roumeliotis.

In relation to the framework of the new law one should note the importance attached to the decentralization of the evaluation procedures for investment proposals as well as the fact that the government appears to be determined to follow certain "specifications" in approving the placement of new investments in the institution of incentives. Thus, in spite of the fact that several criteria theoretically existed under the New Democracy Law 1116/81, the qualitative element which will differentiate the policy of the new government will be its will to implement in a practical way the provisions of the new law.

Small/Medium Enterprises

A. Papandreou emphasized that during 1982 the government plans to correct and mobilize the productive potential and especially that of the small/medium enterprises which are devastated by the protracted crisis.

The basic problems are related to the financing, the modernization, the orientation of production, marketing and productivity in general. In this effort an essential role will be played by control over the direction of bank credits in order to avoid speculative flow as in the past, while with new incentives [the government] will try to utilize the existing productive potential.

Last Thursday, with analytical statements by Minister of Coordination Ap. Lazaris, the specific measures were presented for mobilizing primarily the potential of small/medium enterprises. These measures create the necessary framework for taking out of the swamp of the recession the manufacturing units, offering at the same time incentives to schedule institutional changes in the economy (e.g., promoting cooperating enterprises). The interest of the state in offering real support to the small/medium enterprises through special agencies is evident, a fact which creates new conditions for developing the "backbone" of the Greek economy.

New Investments

The premier announced that side by side with the effort to activate the unused potential of the economy, the government will try to strengthen investment activity in certain sectors of high technology and especially units necessary for the modernization, the vertical development of production and the more comprehensive utilization of the country's mineral and energy resources.

The investment effort for 1982 will be decisively assisted by the public sector (public investments budget, state agencies, development banks) on the following parameters:

- a. Review of the desirability of all the projects that have already been announced.
- b. Decentralization of the plan at the nome and local level.
- c. Promotion of public investments on the basis of productivity and social utility.

It was noted that the total amount of unimplemented projects exceeded 250 billion [drachmas] and this makes the public investments budget inelastic. It was further emphasized that:

- a. The investment plans of the public enterprises will be formulated with the objective of increasing the efficiency and reducing the deficits.
- b. A decisive factor for the realization of the objectives of self-sufficient development is the activity of the investment banks.

The above measures show the special importance which will be attached in the future to the public sector which is now called upon to play an essential role in the effort of economic development, free of narrow political criteria and reoriented toward the duties of the "pilot" for the overall economic activity.

Farm Sector

In the context of the development of farm/industrial cooperatives which constitute a central idea of PASOK's farm policy, the premier announced the initiation of an investment program for creating cooperative models in 1982 to gain the necessary experience for the comprehensive development which will be sought in the context of the 5-Year Plan, 1983-1987. Also announced were the following:

- a. The immediate promotion of cooperatives for the movement and marketing of farm products with support for creating an infrastructure (refrigerated and other storage areas, etc.) to create the necessary conditions for eliminating the parasitic elements and correcting the corresponding commercial circuit.
- b. Comprehensive plans for land reclamation and productive projects for the better utilization of water resources.
- c. Credits for the protection of forests and more rapid reforestation, the development of fishing cooperatives and the improvement of country roads.
- d. Creation of a special agency for insuring farm production and extending farm and livestock insurance against natural calamities, etc.

The latter measure satisfies a fixed demand of the Greek farmers, while the promotion of cooperatives will have favorable long-term effects on many parameters of our economy which start with keeping the population in the countryside and end with the correction of the marketing circuit.

Tourist Policy

The investments in tourism, as announced by A. Papandreou, will aim at the strengthening of the small units, the inflow of foreign exchange and the minimizing of the negative effects of tourism on the environment and the country's cultural character.

At the same time, the new projects will aim at slowing down the effects of the unplanned development prevailing until now, such as the disappearance of other activities and the increase of the cost of living in certain areas.

Details on the new tourist policy are contained in an interview with the secretary general of the Greek Tourist Organization /CTE/.

Construction Activity

The premier emphasized that construction plays a special role in the Greek economy and in 1982 there will be an effort made to revive and also to reorient the construction activity. As announced:

1. Following the more than doubling of credits for workers' housing there is going to be considerable increase in farmers' housing loans.
2. There will be control over the prices of construction materials to remove the prohibitive conditions of the cost of construction.

3. The construction activity will be combined with the overall economic policy and especially with regional development effort.

4. There will be an effort to have a systematically organized construction in cooperation with the Local Self-Government and the private entrepreneurs.

No doubt, the use of the construction sector as the "trigger" for economic revival in 1982 is a necessary move since the importance of construction for a tremendous section of the domestic productive capacity is well known. However, one should not underestimate the effort for the reorientation of construction toward the provinces, aiming at serving a complex of deeper targets of economic and social direction.

Environmental Policies

A necessary dimension of the development policy, the premier emphasized, is the protection of the environment which in the past has been systematically ignored, with the result that today Athens and certain other areas are facing an environmental crisis. In this regard:

a. The expenditures for combatting atmospheric pollution will be given immediate priority with a first measure being the installation of filters and other technical devices in industry to improve today's conditions.

b. Also of high priority are considered the measures to deal with the sewage problem of Athens and other major cities.

The very positive reference to the protection of the environment in the context of the new economic measures should be noted. This action shows the consistency with which the government is trying the various components of development refusing to accept the downgrading of one for the questionable treatment of another.

Foreign Investments

A. Papandreu repeated his government's position that foreign investments are welcome in Greece on the condition that they will contribute to the development of our economy and noted the keen interest of foreign entities to invest in our country as well as the government's decision to fully utilize this interest.

In the context of utilizing foreign investments two immediate measures were announced:

a. The creation of an Agency for the Orientation, Information and Evaluation of Foreign Investments in order to harmonize them with the Greek development plan; to end the padding of invoices for the duties on imported equipment; and to formulate a plan for joint enterprises, paying particular attention to Arab investment interest and the implementation of various interstatal agreements.

b. Radical restructuring of the institution of commercial attaches and consular authorities to achieve a more effective study of the international capital market and the promotion of investment plans with foreign capital.

This is the first time a Greek government has not appeared willing to accept, under whatever conditions, the inflow of foreign capital. Contrary to announcements there is evidence that in the future there will be foreign investors who will receive negative responses in the event they are not willing to work in Greece under terms beneficial to the country.

Credit Policy

Speaking on the great issue of credit policy, the premier repeated his opposition to monetarism and his conviction that the high inflation of 1981 was due primarily to the diversion of productive credits to speculative activities.

The government's policy will be the simultaneous supply of the economy with the necessary monies holding down inflation through a radical change of the credit system. Specifically:

- a. The determination of credit policy will be made by the government while the implementation and supervision will be assigned to the Bank of Greece. The Monetary Commission is being abolished.
- b. The Bank of Greece will exercise systematic and strict control over credits to verify that the approval and use of credits will be in line with the economic policy.
- c. Severe penalties will be established for the corresponding violations, with amendment of the laws, while the procedures will be simplified.

One might say that the changes in the credit policy constitute the most significant rearrangement in the Greek economy by the new government. The significance of these changes will become more evident as time goes on, to the extent that they will have an effect on the increase of the productive potential and also on the real reduction of inflationary expenditures.

Over-indebted Enterprises

With regard to the so-called problematic /highly indebted/ enterprises, the premier analyzed the reasons for their situation (credit irresponsibility, misuse of credits) and emphasized that each case will be reviewed individually. There will be, however, two significant criteria to be applied on the improvement of all units in this category: first, minimizing the social cost and, second, assuring the necessary changes to guarantee the viability of enterprises.

There was also an announcement concerning the procedure to be followed as well as the creation of a special agency which will coordinate the overall effort. First the viability of the enterprises will be reviewed and verified and for those who will receive a positive report the necessary recovery measures will be taken, with a simultaneous introduction of social control (transforming into shares part or the entire sum owed by the enterprise and decisive participation of the workers in the management).

The Policy of Socialization

A. Papandreou also spoke of the socialization of the basic sectors of the economy, emphasizing that:

1. In all entities controlled by the state (banks, agencies, public enterprises, etc.) representatives of the workers and employees will participate in the management.
2. A unified insurance agency will be established to cover all companies controlled by the state.
3. A study for the development of a National Pharmaceutical Company will be done in 1982.
4. In the mining enterprises, the major shipyards and the steel, cement and fertilizer industries, the institution of the Supervisory Council EE will be established, composed of representatives of the workers and employees of Local Self-Government, the state and the management of the enterprise. This EE will harmonize the plan and the policy of the management of the enterprise with the governmental policy and the national interest.

The above measures constitute the first steps toward the socialization of the basic sectors of the economy, which being an essential institutional change, cannot be dealt with in a hasty or superficial manner, in which case it could have undesirable consequences. Evidently, there will be more explanations on this subject once the government has developed the details for the implementation of its announcement.

Taxation Policies

After giving certain clarifications on incomes policy--which had been defined by the first cluster of economic measures--the premier underlined that the incomes policy will be completed with the tax policies the government plans to implement, and which will be precisely determined with the presentation of the 1982 budget to the Chamber of Deputies. Nevertheless, he explained that the indexing of tax rates, the changes in the tax scales and the deductions will be done in a way which will reduce the burden of those who received a small or zero amount correcting their gross income.

Further, the government announced the measures it plans to use to bring about a more just distribution of the tax burden for all social classes, not only the salaried and wage earners. More specifically, the following measures are being introduced:

- a. Several deductions given to various categories of incomes over the years are being abolished.
- b. The taxation of distributed or withheld profits of corporations is being revised.
- c. A low level tax on real estate is being established in favor of Local Self-Government.

d. Measures against tax evasion are being introduced.

Regarding tax evasion, the measures which were announced are:

1. The obligation of all private businessmen to issue receipts or invoices.
2. Control over the activities of middlemen.
3. The auditing and reauditing of enterprises by groups of auditors to discover the concealment of profits.
4. The objective evaluation of transferred real estate to end the so-called "compromises."
5. The informing of tax services and the cross-checking of information concerning the incomes and the property of taxpayers.
6. Heavy penalties, especially against the big tax evaders and bribed tax collectors.

The analysis of the tax arrangements will be possible of course after their final presentation through the introduction of the state budget. But it can be said already that they aim clearly at redistributing the national income in favor of the weaker classes, placing at the same time special weight on stamping out tax evasion. It should be understood that in their final form these arrangements will give further explanations on the mechanisms to be used to assure their effectiveness.

Control Over Prices and Costs

Finally, the premier spoke of the policies for controlling costs and prices, which will be combined, as he said, with the protection of the consumer from adulteration and bad quality of products. On the other hand, the control of prices and costs will also serve as an additional element for the redistribution of the national income between labor and capital (profits) without, however, harming the investment activity.

The control of prices and costs will apply eventually to the products which are included in the "housewife's basket" and on basic raw materials and intermediate products whose prices affect the cost of production in the Greek economy in general.

In the case of domestic products the control will be applied by the Cost Evaluation Service of the Ministry of Commerce (for the overall circuit), while in the case of imports the control will be focused on the invoices to prevent the exaggeration of actual costs. Following the determination of the cost of production, an acceptable level of profit will be added. Mechanisms for intervention are being created to deal with irregularities in the supply of the market place.

These initial announcements indicate that the government is determined to safeguard the purchasing power of the wage earners. It is clear that the entire system for

achieving these objectives is still being put together; nevertheless, until today the prevailing uncontrolled unaccountability is abandoned and the government intervention is regarded necessary whenever an attempt is made to violate the government's policies.

In closing, Premier A. Papandreou did not fail to note once again the tremendous significance the people's support and cooperation will have on the success of the government's economic goals for 1982. He further underlined that the realization of these goals is a necessary condition for creating the appropriate climate so that beginning in 1983 the realization of a dynamic development plan will be able to begin.

Paper Analyzed Measures

Athens 1 KATHIMERINI in Greek 9 Jan 82 pp 1, 3

/Excerpt/ New Democracy considers as "positive" the measures announced on Thursday by Minister of Coordination Lazaris. These measures aim at strengthening the industrial and small business enterprises. By contrast, the production and investment plan announced yesterday is considered disappointing.

Specifically, the New Democracy statement on the measures announced the day before yesterday reads as follows:

"For the first time since PASOK came to power, specific economic measures see the light of day. This cluster /of measures/ of the minister of coordination proves to be much better than the two previous clusters. Unfortunately, the climate of uncertainty created initially by the complete absence of economic measures, then by the contradictions and imprecision of the 'measures' contained in the two clusters, is so heavy that one cannot have valid hopes that the economy will come out of the recession which deepens daily. Thus, the measures which refer to a more relaxed financing for industry and small business may be regarded as aspirin given a cancer patient.

"How and why will industry and small business increase their production using increased credits at a time when construction has died out due to the threatened tax on real estate, and when the same industries and small businesses are threatened on one side by a freezing of prices and on the other by an up to 80 percent increase in labor costs? These measures give little relief to the small/medium enterprises in this sector. Because if the labor cost for such an enterprise is to increase in 1982 by 80 percent, as is very likely due to the upper and lower levels set by the government, a reduction of the employer contribution equal to 3.5 percent of the labor cost is certainly like an aspirin!

"The remaining measures are either marginal improvements of existing measures and procedures such as, for instance, the Hellenic Organization of Medium and Small/Sized Enterprises and Handicrafts /ΕΟΜΜΕΚΗ/ or an increase of various credit levels which today are inactive in the sense that the demand for credits by the small/medium enterprises is much lower. By way of illustration we mention the funds for industrial loans which to a large extent remain unused at the Bank of Greece or the upper levels for small business loans which were doubled from 30 to 60

million [drachmas]. Small business loans range between 1 and 2 million drachmas and therefore the level of 30 million was more than sufficient."

The Interest Rates

"The same comments apply to the reduction of the interest rates on loans for capital equipment and the subsidy plans for creating new employment under the Labor Force Organization [OAEF]. It will be certainly good to foster investment and create new employment opportunities, but we fear that in 1982 and for the remaining time of PASOK's governing, no matter how short it may be, there will be no investments and no new employment opportunities and the economic measures will have no effect.

"We wish that the weight attached by the government to EOMMEKh and the means it places at its disposal will bring results especially in the sector of cooperatives. But we fear that before this is accomplished so much time will pass in the climate of today's deep recession that possibly there will be no more small/medium enterprises that could be supported by the EOMMEKh when this organization comes into being.

"Maybe it would be better for the government to move ahead, without prejudice, toward certain basic institutional measures already prepared by the previous government. For example, the law on leasing would have been much more effective in financing the small/medium enterprises than any increase of the levels which in any way remain inactive.

"The New Democracy Party, without prejudice and faithful to its promise to conduct constructive opposition, underlines that at last we are seeing some constructive measures from the PASOK government, but it has a duty to state that they are marginal and therefore totally inadequate to bring the economy out of the crisis of stagflation which to a large extent was created by the government itself with its contradictory, ill-considered and imprecise measures."

The Plan

With regard to the plan for production and investment policies, the ND Party in its critique states in part:

"The ink has not yet dried on the praise voiced by the ND for the fact that the government at last has presented one cluster of specific measures and the minister of coordination hastened to assure us that the exception does not constitute the rule. The second cluster on the production and investment policy for 1982, as announced by the minister of coordination, returns to the familiar imprecision of the future planning and the throwing together of unrelated elements with the transparent and desperate effort to present them as a comprehensive program.

"Indeed the new cluster of measures in its first pages presents several specific programs for industry and energy, but by a strange coincidence almost all these programs are those drafted and initiated by the previous ND governments. The few new ideas refer either to programs of questionable technological potential, such as hydrometallurgy for nickel, or the creation of new national agencies, or the expansion of the public sector activities in areas already covered by private initiative.

"It appears that the need to find employment for party stalwarts is not satisfied by the expulsion of hundreds of high-ranking officials of the public administration, the banks and the public agencies, and so now it needs to create new positions."

KKE View

Athens RIZOSPASTIS in Greek 10 Jan 82 p 1

/Text/ Billions and billions is the Christmas present given by the Greek government to the foreign capitalists. The second cluster more than completed what was given by the first.

They did not expect such generosity. Their debts are wiped out with a sponge. New loans are given, even gifts in the area of employer contributions. They were reminded of the unforgettable days of the "Marshall Plan" when they had a feast of loans.

The opening steps go backward!--the golden beetles, the pillars of the Right, the favored children, then and now. The real Change the people fought for and continue to fight for begins with bread, with daily wages. This should have been the first page /of PASOK's economic policy/.

7520

CSO: 4621/140

ELEMENTS OF GOVERNMENT MARKET POLICY NOTED

Athens ATHENS NEWS in English 30 Jan 82 p 16

[Text] The Government does not intend to place the market under extensive police control, or try to freeze prices, Commerce Minister Akritides said yesterday.

He added, however, that strict cost control at the sources of the formation of prices, and primarily production and imports, would be enforced in order to combat profiteering. Speaking at a press conference, the Minister said that these would be the two principles on which the government's short-term market policy would be based. Long-term policy, he said, will require intervention in the structures of the market, and, for this, specific agencies will be created to deal with specific sectors.

The markets of pharmaceuticals and agricultural products will be given priority in this respect.

Specific measures for the control of prices, Akritides said, fall into two categories: Preventive measures, and measures for the continuous control of certain categories of products.

As a preventive measure, businesses in certain sectors will be required to submit to the Ministry of Commerce their new price catalogues at least 20 days before any proposed price increase, together with cost analyses justifying the increases.

The second category of measures involves placing certain products under constant market police control. Baby foods, sports goods, central heating equipment, soaps and detergents, and pharmaceuticals will be among the products whose prices will be constantly monitored.

Akritides singled out the drug industry as an example of arbitrary, excessive pricing and rampant profiteering. He said a committee of certified accountants, commissioned by the government to conduct an investigation into pharmaceutical prices, had confirmed the government's impression that overpricing in this sector is common.

The committee's report, Akritides said, found that the latest drug price increases in the fall of 1981 were unjustified. The government would therefore base its price ceilings not on current prices, but on those in effect before the latest increase.

Commenting on the measures announced by Mr. Akritides, the main opposition New Democracy party expressed surprise that "it took the new government more than 100 days to copy the measures introduced by the New Democracy government in 1980," for the control of prices.

In its effort, however, to present these measures as new, the announcement, said, the government has brought changes that render them ineffective, because they replace temporary, short-term measures by arbitrary price ceilings.

CSO: 4600/253

BRIEFS

PIRAEUS PORT MOVEMENTS--According to an announcement of the Ministry of Merchant Marine, Piraeus Port movement in September 1981 was as follows: --2,637 vessels, totalling 4,359.114 GRT arrived in Piraeus (against 2,545 vessels of 3,614,519 GRT in September 1980), --74 vessels were repaired in dry dock (against 59 vessels in 1980), --773,210 tons of goods were handled (against 888.388 tons in 1980).
[Athens ATHENS NEWS in English 22 Jan 82 p 9]

CSO: 4600/253

NEW EC PARLIAMENT CHAIRMAN DANKERT ON ROLE

Rotterdam HET VRIJE VOLK in Dutch 12 Jan 82 p 4

[Article: Interview with Piet Dankert by Rijk Timmer]

[Excerpt] Piet Dankert: "We must bring the European parliament closer to the people."

Dankert says: "The public is extremely ignorant about the existence of the European parliament. We are therefore anxious about the percentages of votes that will be cast in 1984 when European elections will again be held. To survive these elections one must try to clarify the importance of the parliament."

[Question] Is not it true that there is now only one group who understands the meaning of the word "Europe", namely the farmers?

Dankert: "It is true that agriculture is the only common policy area which functions fully.

However, there are of course also customs regulations and export policies. That segment of European management is of enormous influence on the national income of the member nations."

Agricultural Lobby

[Question] The average citizen is completely unaware of it whereas every European farmer sees daily that the EC means something to him.

Dankert: "The agricultural lobby is the only smoothly functioning lobby in the European parliament. This is not as it should be because it immediately affects the consumer when agricultural prices are manipulated. But consumer groups are only now beginning to organize themselves on a European level.

Take for instance the steel industry. It can only be reorganized on a Europe-wide scale. If the Belgians and West Germans continue to produce at their present levels and we want to maintain our steel industry in the Netherlands, the market will simply be flooded."

[Question] Take steel as an example. It will be in the newspapers and on television but the role played by the European parliament is not clear. Is it really a participant in this matter?

Dankert: "When restructuring of the steel industry was under discussion the FRG was opposed. In the European parliament the Frenchman Jacques Delors tried to make funds available for the social aspects of the problem. Delors is now the French minister of economic affairs and the French are now exerting pressure to pursue this policy. However, I must admit that these developments will hardly be noticed by the public.

Turkey is another example. The political committee of the European parliament is rather conservative and it is reluctant to change our policies towards Turkey. We therefore did something about it in the financial committee. We deleted the EC's financial aid to Turkey from the budget. It concerned not less than 1 and 1/2 billion guilders. The European Committee accepted this budget and up till now that has been the only concrete sign of dissatisfaction from Europe. In this instance it is again very hard to perceive that it concerns a step undertaken by the parliament.

In Europe we have the unique situation of a parliament without a government. Officially the parliament controls the European Committee but the power in Europe is in the hands of the Council of Ministers. The governments of the member nations which can never be dismissed. A national parliament can do such thing, but we do not have that instrument of power."

[Question] Could Dankert do something about that if he were chairman?

Dankert: "We will never be able to acquire the authority to dismiss the governments. But the chairman, acting on behalf of the parliament, can keep in contact with the Council of Ministers. He can make agreements on the power of the parliament."

Worries

[Question] The council represents in fact the governments of the member nations. They are not interested at all in making the parliament more powerful to the detriment of their own authority.

Dankert: "Keep in mind that the Council is also worried about the 1984 elections. The governments would be in trouble if things went wrong since they would lose their democratic excuses for European cooperation.

The other day I talked to the French minister for European affairs, Chandernagor. We appeared to agree in many respects about the way the parliament should function. If such agreement can also be reached with key figures in the FRG and Great Britain a list of six or seven points could be presented for more detailed discussion.

This would never be successful in direct discussions with the Council of Ministers. Only informal contacts can bring this about."

[Question] We are getting the impression that Dankert is proficient at maintaining what he calls informal contacts, in working behind the scenes with powerful persons.

Dankert: "One of the reasons why I left the Second Chamber and opted with all my heart for the European parliament is that it allows me to operate at a greater distance from my grass roots. During my days in the Netherlands I had a traumatic experience with what went on in connection with the F-16. I am certain that we would not have bought that plane if the congress and the party council of the PvdA [Labor Party] had not intervened. I hate beautiful statements without any substance."

We Are Learning

[Question] At times the European parliament presents resolutions, in particular in the area of foreign politics. That is all very beautiful but what is it doing for the Europeans who elected it?

Dankert: "Up till now I have not found any other instrument, except the budget, to perform something of substance; it is because we control the budget. Turkey resulted from the budget, steel too. However, all the debates on employment in Europe failed because we as parliament attacked the problem as a whole. That is not going to work; we must pick the specifically European aspects and make them the subject of our discussions. We are learning. The subject of employment is now slowly coming off the ground."

[Question] Is there still enough time for the parliament to learn?

Dankert: "I am sometimes very pessimistic but the following moment I can again be optimistic. We are in the midst of a complete restructuring process of the community. If it succeeds we will have made good progress. It means in particular that the confrontation in the community between North and South will be broken. The rich North will have to pay, but the inclination to do so is not very great. Whether we are going to make it as a parliament does not only depend on us. The determining factor is the image of the European Community as a whole. As the Community prospers so will the parliament."

10319

CSO: 3105/77

KREISKY'S POLITICAL, ECONOMIC STRATEGY VIEWED

Zurich DIE WELTWOCHE in German 27 Jan 82 p 3

[Article by Inge Santner: "Bruno Kreisky's Last Powerplay--Austria's Socialists May, if Necessary, Make the Wrong Decisions to Arrive at the Desired Election Result"]

[Text] Austria's economy is in desperate straits, the national budget is beset by enormous deficits, unemployment is rising to unheard of levels in the country. What is federal Chancellor Kreisky doing in this situation? He is fairly bursting with ideas; he is spurring his somewhat paralyzed party into action and wants to be a candidate once more in next year's elections.

Vienna - January 1982 deserves to become a truly spectacular month in history. All at once and most surprisingly, it managed to solve those three tricky puzzle questions which had for many months been the main subjects of Austrian internal politics: When to hold elections? Whom to elect (or not)? What is the vote to be about?

Solution number one: Elections will be held in the spring of 1983, which means that the next parliamentary elections, which had generally been expected to take place in the fall of 1982, will not be held until the end of the present legislative session. Despite the grave economic crisis, or perhaps because of it, the lone reigning SPOe does not wish to confront a new popular vote any sooner than absolutely necessary.

Solution number two: To be elected or not elected is Bruno Kreisky--who else? The federal chancellor and SPOe chairman, just turned 71, who has taken pleasure in entertaining the public with tales of his retirement for many years, apparently wants to be a candidate once again, reasonable health permitting. He has announced this, certainly not in so many words, which would be contrary to his usual style, but by some indicative actions. In all probability the election issue will not concern the SPOe, OeVP or FPÖe, but rather will be for or against Kreisky, to include the compassionate argument that the great "Emperor Bruno" truly does not deserve to be pushed aside at the end of his lifetime.

Solution number three: The only election issue is the best way of eliminating the threat of mass unemployment. All other points of contention between the government and the opposition--and there are many--turn out to be adjunct minor problems or diversionary trimmings.

Theoretically these three clarifications are meant to be the result of a closed government deliberation, followed by a session of the SPOe party leadership, which played on the red-white-and red stage during the middle of January. For practical purposes, they are Bruno Kreisky's last solo strongman performance.

Guided by his instinct, the chancellor has thus not only opened the election campaign at a very early date and issued his challenge to the two right-wing parties. He has at the same time managed to grab a firm hold on the slackening reins within his party.

Kreisky knows this for sure: Procrastinating and guilding the lily no longer work. The years have gone by during which, looking through rose-colored glasses, the republic on the Danube saw itself as a happy isle surrounded by a crisis-torn world. The dream has ended of a "model Austria," which simply balanced its record deficits with enormous borrowings in the hope of thus hibernating with impunity until the world economies were once again on the uptrend.

No More Procrastinating and Guilding the Lily

As far as the eye can see, Austria is today in difficulties up to its neck. State-owned enterprises--especially the VOEST-Alpine Corporation with its 79,000 jobs--are losing tremendous amounts of money and could really go back into the black only by firing tens of thousands of their employees. The private sector is tottering--last year's bankruptcies alone caused the loss of 16,900 jobs. During the 12 years of SPOe government, the national debt rose from barely 10 billion [Swiss] francs to about 36, with a nine-fold increase in foreign debts.

At the end of 1981 unemployment reached 120,000, or 4.1 percent. Since then it has been climbing steadily. Minister for Social Administration Dallinger expects it to reach 150,000 or more than 5 percent by 31 January 1982, higher than at any time during the past 19 years. True, in comparison with the overall international situation Austria is still in relatively good shape. But as far as SPOe politics is concerned, job insecurity is equal to a declaration of bankruptcy. The same Kreisky who in the past kept repeating that he "much preferred 100 million in debts to 100 unemployed," is now unfortunately saddled with both--the debt and the unemployed.

Nothing is left for Kreisky but to use every available disguise to play the strongman so as to make the SPOe team look like the better government for worse times. And that is exactly what he is doing. He is trying to make a new start and is subordinating his entire government program to the creation of jobs at any cost. He is making light of the fact that those costs are in many instances too high and therefore hardly justifiable. His motto: "After the elections, the deluge."

Startup at Full Speed

The opening phase of what SPOe Deputy Chairman Karl Blecha calls the "government offensive for job creation" consisted of a national economic startup program which promises "19,000 - 23,000 jobs." It consists of a 12-point package with emphasis on housing construction, housing rehabilitation and road construction which however, in the opinion of most economic experts, would create only insufficient investment motivation.

At the same time Kreisky started flogging several controversial dead horses of Austrian internal politics which are not well thought of even by all of the SPOe politicians. As sort of a prerequisite for agreeing to continue serving his party, he stubbornly demanded the immediate construction of a 6,000 seat congress center in Vienna's UN City, as well as yet another public referendum about the long since completed Zwentendorf nuclear power plant. The latter, however, only in case of a socialist election victory. Any grumbling or dissenting government politicians were made to feel his party disciplinarian's whip: "No messing around now; I'm giving the orders."

From an economic point of view the two Kreisky stubbornness projects appear about as necessary as a hole in the head. The congress center will never require 4,000 employees, as the chief of the government euphorically calculated on the basis of wrong data, but rather a maximum of 300-400. The Zwentendorf nuclear power plant, currently in mothballs, could not produce electricity until 1986 at the earliest; in other words, when it would be almost ready for retirement.

Many other objections are based on political and pedagogic grounds. The opposition parties, OeVP and FPÖe, have sound reasons for accusing the former "Sun King" of showboating, senile stubbornness and delusions of grandeur.

Showboating and Delusions of Grandeur

In any case, Kreisky is presently engaged in nothing less than perhaps destroying what may be his greatest lifetime achievement--the introduction of direct democracy. It was after all he who in 1978 initiated a special popular referendum about Zwentendorf and thereby facilitated the notable Austrian nuclear moratorium. It was he also who welcomed citizens' initiatives which resulted, among other things, in the rejection of the overly expensive UN conference center. What good was all this, if he is now using dictatorial powers to overrule the unwelcome results of popular participation in decisionmaking?

Nevertheless, Bruno Kreisky is actually consistent in his actions. Once again, as he has so many times before in apparently hopeless situations, he is proving to be a masterful tactician and psychologist who is pursuing his goals in an unsentimental fashion because he is aware of the fact that what counts to begin with are not the right politics, but the right election result.

By showing himself to be resolute and capable of taking action, Kreisky provides fresh optimism to the population. In a recent poll, 57 percent of all Austrians gave evidence of a "last days" mood, worry about their welfare and their jobs. Kreisky has a clever way of confronting such defeatism. His decisions, no matter how little sense they make, give the impression that there is a higher plan for ending the crisis. With great confidence ("The old man will fix it somehow") the people are once more peacefully napping at the edge of the volcano.

The Opposition's Role as Notorious Naysayers

At the same time, Kreisky is restoring the lost confidence of victory to the large army of small party functionaries. Suddenly the SPOe's party apparatus, so recently disenchanted, is once again manning the pushbuttons. At the lower levels, party discipline is increasing; at the upper levels there is greater hope of holding the good top jobs in the future just as they had been held over the last 12 years.

On top of all that, Kreisky's adroit tactics are taking the wind out of the OeVP's sails. Faced with a government which is frenetically thrashing around with activity, the opposition is of necessity reduced to the fruitless role of naysayer. Instead of being able to come up with "black" initiatives of its own, it must waste all its energies to block the "red" initiatives. This does not give it a very convincing image of being capable of taking over the business of governing.

Kreisky's aggressiveness is of course not entirely without risk either. It serves to reduce the SPOe very clearly to its basic characteristics. With its embracing of nuclear energy it is on a collisioncourse with the Greens. With its exaggerated anti-church statements it annoys the Catholics. And it is almost ostentatious in disaffecting its middle class fringes, i.e., the so-called "Kreisky voters," who have since 1970 tilted all elections in favor of the SPOe.

In short, Austria's internal politics, basically a bore, is once again producing some suspense. Whether or not it is a suspense which benefits the country remains to be seen.

9273

CSO: 3103/241

FOREIGN MINISTRY SEEKS BALANCE OF OSTPOLITIK, ALLIANCE POLICY

Hamburg DER SPIEGEL in German 25 Jan 82 pp 23-24, 26-27

[Article: "Firm Language"]

[Text] An internal study by the Ministry of Foreign Affairs recommends that the government replace detente politics with "stabilizing politics"--as a favor to the United States

The group of coalition members in the chancellor's office was unanimously resigned to it: Should the military regime in Poland continue its hard line and block a return to reform policies, then, SPD Chairman Willy Brandt worried, the FRG Government would no longer be able to adhere to its "policy of reasonableness."

The thing which still makes Brandt fear for detente politics is already a fait accompli for other participants of last Monday's coalition conference: A change of course in foreign policy. To avoid the FRG's becoming isolated within the Western alliance, as one of them describes the country's situation, "we must sail in the center of the convoy, not as its tail light."

The Bonn people are still hoping to be able to avoid a careful modification in their foreign policy if the Polish military should decide to loosen the reins within the next few weeks. But from the indications emanating from Hans-Dietrich Genscher's Ministry of Foreign Affairs it would appear that a new adjustment to alliance policy and Ostpolitik is advisable.

In the opinion of Bonn diplomats it is likely that some "illusory signals" will shortly come from Warsaw; an end to martial law appears to be in the distant future. Should the West Germans in this situation resist the urging of their NATO partners for additional Western countermeasures, this would not only make Bonn's attitude within the alliance questionable; it would likewise affect the Social Liberals' Ostpolitik.

The Foreign Ministry's basic contention: "In view of the differences of opinion existing between ourselves and the United States, but also between ourselves and France, England and Italy," says a confidential memorandum from the Ministry of Foreign Affairs' planning staff, "we cannot close our eyes to the fact that our Ostpolitik is increasingly threatening to diverge from our alliance politics."

The opposition, which in foreign policy matters is forever trying to gain ground in internal politics, can only welcome such a controversy between the government and the Western allies. Bonn's CSU leader Fritz Zimmermann did already last Tuesday in the parliament describe the chancellor as being "a captive of a one-dimensional detente ideology," which, according to him, has "driven the FRG into a zone between the East and the West." And CDU foreign policy maker Manfred Abelein made a bleak summary for Genscher: "All those breathtaking foreign policy activities, Mr Foreign Minister, those beautiful trips--and all for nothing."

This time Abelein is right. "Genscher's horror," the Polish crisis, could grow into a crisis within the Western alliance, according to the CDU professor's accurate diagnosis. The foreign minister had been afraid of just that for a long time.

Genscher's planning staff had suggested to him in early January how to relieve that far: By an examination of detente politics. In this they did not hesitate to criticize the chancellor heavily.

The tenor of their suggestions: "We Germans must...resist the temptation of justifying our interest in modernation toward the USSR by considering Soviet policy to be more harmless than it is."

The allies would lose their misgivings about Bonn's "true intentions" only "if we evaluate the present prime objective of security policy and Ostpolitik as consisting of maintaining the peace in a situation in which the USSR sees irresistible decline as its long-term prospect."

The authors mince no words as to the real main objective of Western politics toward Moscow, in English: "The task is to manage the decline of the Soviet empire."

The fact that doubts by the partners about Bonn's adherence to the alliance could arise in the first place is ascribed by Genscher's planners to the "divergent experiences" of the Americans and the Germans with detente politics. In the diplomats' judgment, the roots of a controversy had been present "from the start."

Thus, the Americans had already in the early 1970's pursued a "global containment policy in a new format," while the German Ostpoliticians had been concerned with "specifically German needs;" Henry Kissinger, they say, had always recognized the dangers inherent in this.

As early as 1969, the then national security advisor had talked in a memorandum to the U.S. President about the possibility that Ostpolitik could become "a new form of classic German nationalism." Even in 1967, according to the foreign ministry study, then Harvard professor Kissinger worried that "the FRG could, by means of a vacillating policy between East and West which would detract from everyone's security, become a threat to world peace just as it had in the time of Wilhelm II."

Varying experiences with detente politics, according to Genscher's planners, had "led to fundamentally different basic attitudes and evaluations of the USSR." Washington, on the one hand, emphasizes the USSR's military might and the worldwide threat of Soviet expansionist politics. Bonn on the other hand is emphasizing "the economic weakness and the ideological bankruptcy of the USSR."

According to the Foreign Ministry paper, these differentiated analyses result in "opposite objectives:"

"The United States is determined to oppose the USSR's expansionist politics, as they perceive it, on a worldwide basis and to be serious about the Kissinger principle of the indivisibility of detente. They want to enforce Soviet restraint and true arms limitation by economic weakening of the USSR, i.e., by withdrawing Western credits and technology. In this policy, they expect solid support from their allies.

"In view of these basic objectives, the Americans regard Poland's internal crisis and its threatening economic collapse also, and perhaps primarily, as an aspect of a grave political and economic weakening of the USSR."

Genscher's diplomats give a concise description of Bonn's opposing view:

"We on the other hand fear that this American policy will lead to an arms race and a danger to peace. We want to hold on to what we have gained in our relationships with the GDR, the USSR and the Eastern European states."

In view of tensions between ourselves and our principal ally, in view of initial warnings from Washington that we are engaging in politics which "no longer pay sufficient attention to our interests," the foreign ministry study pleads for a reorientation of Bonn's foreign policy:

"In this situation it becomes urgently incumbent upon our foreign policy to again secure the compatibility of Ostpolitik and alliance politics."

They consider a necessary prerequisite for this to be "a new consensus within the alliance about a basic trend for jointly arrived at defense policy and detente politics (to be perhaps called 'stabilization politics') for the 1980's."

There is nothing new about replacing detente politics with stabilization politics; as long ago as 1967 former Belgian Foreign Minister Pierre Harmel had recommended such a strategy in dealing with the East. What is new is the question, in view of events in Poland, whether in the future too the USSR's intra-bloc attitude should be "essentially removed from detente policy" or not.

The authors in Genscher's office proclaim that "the West is today standing at the cross-roads:"

"The question is this: Is it possible to limit the observance of human rights in the East to public moral support and a subliminal policy oriented toward human welfare, and thereby to keep it compatible with stabilization politics toward the USSR? Or will this support for human rights get out of control and will the CSCE human rights principle become an instrument of confrontation with the USSR and of destabilization of the Eastern empire?"

The answer, in typical diplomatically hedging language:

"The latter conjures up the risk that the USSR, pushed into a corner, uses the only instrument of power at its disposal: Military power and especially its military superiority in the Middle and Near East."

The political analysts discreetly gloss over the fact that the United States is currently leaning more closely toward the second alternative, a policy oriented toward destabilizing the Soviet sphere of influence.

The "risk" of retaliation by Moscow is to be met by the Europeans by closing their ranks:

"The new situation more than ever requires European cooperation in security policy (including defense policy)."

Among the partners in the European Community, they say, such cooperation in security policy could not be achieved "within the foreseeable future" because neutral Ireland is against it and Denmark and the Netherlands have some reservations about NATO defense policies anyway.

The Foreign Ministry planners perceive an escape route in a "security policy vote among the four great European democracies:" The FRG, France, Great Britain and Italy. This four-power club should accept as its basic tenet that:

"It strengthens the alliance by erecting a second European pillar and that it be perceived by the Americans as being constructive rather than divisive."

The study devotes special attention to U.S. sensibilities. "A future requirement exists for a conscious, goal-directed policy of words:"

"We must learn a lesson from the experiences in the public presentation of our policy towards Poland during the first two weeks following 13 December."

In a confidential memorandum of 8 January Genscher's office had already complained that government spokesman Kurt Becker had disagreed with the U.S. President by asking whether the USSR was to be considered "quasi-responsible for the state of war" in Poland. Said Becker at that time: "We do not share this impression."

In their new paper, Genscher's people are more specific:

"The necessary effort to impress upon the East that our politics are assessable and have long-term validity must not tempt us into making official public statements which cause suspicion in the West. In our declarations on Ostpolitik we must always be conscious of the latent suspicion which this policy has evoked from the beginning and which has increased since Afghanistan."

Even Helmut Schmidt's concept of a "security partnership" with the USSR is being severely criticized, without quoting the chancellor:

"We must be especially careful to avoid any phraseology which would give the impression that we are putting the United States and the USSR on a par as 'the two super-powers.' Here we touch a sensitive spot with the U.S. administration as well as its public."

And the following criticism is directed specifically against the chancellor who most recently, during Leonid Brezhnev's visit to Bonn, emphasized his role as inter-preter between Moscow and Washington:

"In view of this, we should also avoid the term 'interpreter:' Between the East and the West we will be at our most effective if we call ourselves 'alliance partners.'"

Logically, such an alliance partner should use "firm language:"

"Was it truly incompatible with the objective of an assessable Ostpolitik early on to condemn the violation of human rights in Poland as President Mitterand had done? And does, as the French appear to think, speaking softly not engender the danger that the USSR takes it as an internal weakness of our society and thus causes it to make rather greater demands on us?"

Such a weak attitude is of course incompatible with stabilization politics. The diplomats are optimistic that Bonn could hope that the Soviets would remain true to their policy of detente, even under altered circumstances:

"So long as the Soviet leadership can remain convinced by our internal discussions and acts that we respect the USSR's legitimate security interests and the status quo of spheres of influence in Europe, we do not have to worry that the USSR would abandon its policy of detente toward us."

The Genscher team does not say what would happen if the Soviets themselves would switch to stabilization politics. The overriding objective, says a foreign ministry official, is "the alliance as a cornerstone;" everything else must be subordinated to Western politics.

Otherwise, the Americas' "honest misgivings" could increase, as one of the participants of last week's coalition conference worried.

It is not yet clear what final conclusions the foreign minister draws from the work of his subordinates; it only appears certain that the basic idea should appeal to him.

It is however, unlikely that the chancellor would adopt the course recommended by the Foreign Ministry strategists. Says one of Helmut Schmidt's confidants, quite undiplomatically: "No German head of government acting in the interest of his country can unconditionally eat out of the Americans' hands."

9273

CSO: 3103/238

PCF MINISTERS EFFECT GOVERNMENT, MEDIA, HOSPITAL, HIRING

Paris LE MATIN MAGAZINE in French 28 Nov 81 pp 10-13

[Article by Pierre Feydel: "For a Few More Minor Positions"]

[Text] According to certain trade unionists and several newspapers the Communists may be placing their militants in all levels of government services. What is the real state of affairs? For 3 weeks LE MATIN MAGAZINE carried out an investigation. Without fear or prejudice.

In the Cote d'Or, 30 kilometers from Dijon, a bus with young recruits of the state security police overturns. There are three dead and eight injured. They are brought to the hospital. Their appalled chiefs discovered a little card stamped with the hammer and sickle, the French Communist Party card, in the wallets of half of them.

The Trojan horse tactic bears its fruit. Communists are everywhere, in Labor, Munitions, Industry, Health, in National Education, SNCF [the French Railroad Company] EDF [French Electric Company], the Coal Board... Obviously, they have even extended their influence into the police. Their leaders secretly meet with management authorities. They ask them to participate in the national effort to restore the French economy. They reassure them about the extent of nationalizations. The secretary general of the French Communist Party proclaims, "Despite rare exceptions which prove the rule, democracy's progress throughout the world now lets one consider other roads to socialism than the one followed by the Russian communists." It is 1946. That secretary general is Maurice Thorez. In the last elections to parliament, at the beginning of the month, the party received 20 percent of the votes. The MRP [Popular Republican Movement] then predicted the "sovietization of the state." The anecdote about the state security police is taken from the second volume of "The Internal History of the Communist Party" by Philippe Robrieux. At that time the police forces were recruiting among the patriotic militias. Thirty-five years later, there are again four Communist ministers: the spirited Jack Ralite at Health, the brilliant Anicet Le Pors at civil services, the efficient Charles Fiterman at Transportation, and the obliging Marcel Rigout at civil services. Four long-time leaders, chosen after fierce negotiations with the all-powerful socialists, above all with their number one man, Francois Mitterrand.

Four citizens from the whole of the French Republic, whom certain leaders on the right as well as the left would have preferred not to see there. This fall rumors

are ciruclating fast and furiously. Whispers of slander are first murmured at the dinners in town where high government officials and private sector leaders, who often owe their careers to the preceding administrations, meet. There, between the fruit and cheese courses, they see who can be the most frightening. Here and there the communist spider web is probably spinning its filmy and thus invisible thread. Such and such a new person is probably an old fellow-traveler. Such and such a recently elevated person probably abandoned a prudent periscope-depth immersion under Gaullism, and the deep-water navigation necessary under the Giscard regime, only to make his way, finally, at surface level.

An armada of submarines would thus be displaying their red conning towers while families of moles may be underground devastating the rose beds of careless socialist gardeners.

Thus there is total war on both land and sea. And of course there are offensives. Andre Bergeron, secretary general of FO [Force Ouvriere] carried out his own attack a week ago. He accused Communist ministers of infiltrating the government services, for the immense advantage of the party. He announced that on 15 January his confederation would make public a record with evidence of a conspiracy against the Republic. The accused persons are the few thousand PCF militants who, buried in the mass of 2.5 million government employees, probably serve the interests of the masters of the glass palace of Colonel-Fabien Square more often than the interests of the nation. At this, the Communists either rant and rave or laugh nervously. Force Ouvriere's trade unionists affect secrecy and unconcern.

But since their secretary general is calling the tune they cannot in all conscience sit out the dance. So the dance is getting under way.

Andre Giauque, secretary general of the powerful FO general federation of state employees, a favored negotiator of Anicet Le Pors, first of all explained at the beginning of November that everything was all right. He had noticed nothing special. There were no grounds for him to give the impression, much less officially declare, that Communist militants were taking over state controls. Well, yes, of course there is decentralization. Communist members of parliament could take advantage of it to place their men here and there. But, after all, Deferre in Marseille or Mauray in Lille have for a long time placed socialists a bit everywhere, locally. Then, Bernard Gitler, head of FO at RATP [Independent Parisian Transport System], growls "Plant negotiations over social conditions are stalled because of the CGT." The implication is that Georges Seguy's confederation does everything it can not to create difficulties for the new president, Claude Quin, a communist. Daniel Iarovay, FO's man at the SNCF is surprised that Charles Fiterman, transportation minister, has not yet received him although he has met with "the smallest of CGT sections."

Michel David and Rene Champeau, FO federal secretaries and secretaries of the FO Health Services organization, dot their i's and cross their t's: "From now to the end of the year 2000 extra positions are planned. In the Cher department 42 positions are to be allocated. Thirty-five are to go to Vierzon, a communist municipality; 15 to Bourges, a city administered by the PCF, and only 2 to Sancerre, where the parliamentary deputies are moderates. Of the 8,000 new positions for 1982 the minister is setting aside 2,600 for his personal disposition." At FO they fear that the Cher example will be followed systematically.

On 24 September Jack Ralite, who was visiting the provinces was attacked at Bordeaux by the FO trade unionists. This is what happened. Madame Debregas who works at the Arcachon hospital won the competitive examination for the position of assistant to hospital administrators. But the position to fill is in Oleron-Sainte-Marie. And Madame Debregas refused to leave Arcachon. She is a member of the PCF and secretary of the CGT trade union at her hospital. She had Mr Lartirigoyen, departmental secretary of her trade union, intervene. This person interceded with Jacques Latrille, principal private secretary of Jack Ralite, PCF member, professor of bacteriology, former president of the university of Bordeaux II. The Bordeaux Communist network worked. Fortune smiled on Madame Debregas and suddenly there was created a position for assistant to the hospital manager at Arcachon. Thereupon FO filed an appeal to the administrative tribunal to rescind that action because of the irregular selection of the candidate. And Lafon, FO secretary for the Girone, an SFIO member since 1945, member of the PS, president of the local Assedic [Association for Employment in Industry and Commerce] organizations and head of the departmental health insurance fund, had a fit. According to him the Debregas affair is obvious evidence of the PCF's using the CGT as an instrument for party activities. He knows that process well. He already saw it at work at the level of local health insurance funds. He is all the more concerned since in the same region, at the Haut-Leveque hospital at Pessac, and during the same visit of Jack Ralite, the CGT called for the head of the director of the university hospital center at Bordeaux, who is a dyed-in-the-wool Giscard supporter. Guy Lacour, president of the group of communist deputies from the urban community of Bordeaux replied: "I never heard Mr Bergeron, who I hope is still a member of the PS, condemn a UDR [Union of Democrats for the Republic] penetration, a Lecanuet implantation, or a Giscard saturation, in the government services." He said laughingly, "Does Mr Bergeron hope for a perpetuation of a French style of banning from office? Kommunist=nicht franzosich?" [Communist is not French.] And he ended, slightly off-color, "Because of the very term Mr Bergeron uses, penetration, must one re-read Freud to probe the FO secretary general's meaning?"

Strong words for a little administrative fun-and-games, found in all republics. At the highest levels of the state, at the Elysee and the Matignon, where the president's and prime minister's councillors are bustling about, the strangled cries of FO militants or their secretary general's cries of being skinned alive provoke indulgent smiles and reassuring comments. There, it is explained that the vaudeville scene in question is not what they think. While Marianne and the socialists are making love, the communists are not hidden under the bed, but well and truly locked in a closet whose key the cautious and legitimate husband has thrown out the window. There's always some one smarter than you.

Furthermore, the proof is interesting. The communist ministers were named as heads of ministerial departments where the CGT is not in the trade union majority. Jack Ralite may well place Jacques Roux, PCF member since 1950, a member of the central committee since 1964, a professor of microbiology at Montpellier, a research director at INSERM [National Institute for Health and Medical Research], and a WHO expert, as manager of the health ministry, nevertheless Hospital Services itself comes under a socialist minister, Nicole Questiaux.

The CGT is well established among hospital personnel. Although Charles Fiterman did name Claude Quin to the presidency of RATP, the autonomous trade union is the most powerful one in the subway system. And, along with FO, it sees to it that the

director general of this public enterprise is not also a communist. On the other hand the CGT is powerful in the SNCF, for which Fiterman is responsible, so they have as its head the prefect Chadeau, who is close to Mauroy. Thus the terrain is cleverly mined all around the communist ministers. The communist minister's advisers, for their part, have their own guards to survey this defensive slope. Thus at Jack Ralite's it is Jacques Atlan, a technical advisor, who is in charge of hospital personnel which, however, is the overall responsibility of Nicole Questiaux, the socialist minister from National Solidarity. Jacques Atlan was a nurse in the psychiatric section of Sainte-Anne hospital. He is a national officer of the CGT. In the same team there is also the orthodox communist, Yves Talhouan, technical advisor, who in addition is in charge of the health committee of the PCF's central committee. With such men as these, the health minister can take credit for having a pluralist cabinet: a socialist principal private secretary, Georges Merlhe, and a parliamentary attache, Jacques Blache, a leftist Gaullist. The Ralite situation is also repeated at Fiterman's, at Anicet Le Pors', or Marcel Rigout's. There are also the few other victims of PCF electoral fiascos, deputies recently defeated by the socialists, Gilbert Millet with Ralite, Antoine Procu with Fiterman, and Colette Privat with Marcel Rigout. And there are a few personages who did not stop at calling for a vote for Giscard d'Estaing in the second round of the presidential election, since they were following their party's unofficial orders. This applies to Maurice Perche, principal private secretary to the minister of Vocational Training, director of "School and Nation," who was pouring out anti-Mitterrand statements in the corridors of his office at Colonel-Fabien Square. This is also true of Jean-Paul Jouary, technical advisor to the transportation minister, who made the same kind of statements when he was in charge of the cultural column of L'HUMANITE. Like their minister, these men today apply the policies of the socialist president of the Republic with so much enthusiasm it could inspire doubts.

But after all Anicet Le Pors certainly was planning director of the Finance ministry when Giscard D'Estaing ruled at Rue de Rivoli. A member of the Communist Party's central committee's economic section, he wrote very learned articles in NEW FRANCE and in the review ECONOMY AND POLITICS. And his minister mischievously said to him, "Mr Le Pors, do you know this review called ECONOMY AND POLITICS? You really ought to read it, there are some quite interesting analyses in it." History does not record what the future minister of government services replied. As other leftist government officials, Anicet Le Pors got along as best he could in the government service since the Liberation. Democracy has decided that today PCF militants should not be condemned in their careers to a special ostracism. They should be able to reach the positions warranted by their ability as civil servants, not as militant activists.

Their trustworthy image is a point in their favor. How can a communist not be intended for the state? French people like that kind of statesman, one capable of cynicism. Today, communist leaders are indeed of that breed. Ideology, turned topsy-turvy, dissipated and shattered, means little; political morality, proclaimed in the courtyards, and justified for the benefit of the militants, is betrayed by the decisions reached and electoral zig-zags. Furthermore, who has not heard an acknowledged anti-communist pay tribute to the honesty and efficiency of a communist militant whom he rubs shoulders with, or whom he opposes? Does it mean this anti-communist knows his deepest interests will not be harmed by this communist? Does it mean the communist ministers, presenting themselves as good technicians today, can under no circumstances hamper or shift the socialist government more to the left?

There is a place at the highest level of government because it is profoundly cultural, where the PCF hoped to place its own men. But the way it went about it shows that its leaders understand nothing about the stakes involved in the field of audio-visual information and, more particularly, television. The story is more comical than frightening.

"No pluralism without communist journalists," Pierre Juquin asserted last July in the columns of L'HUMANITE-DIMANCHE. He recalled that for 25 years communist journalists had been banned. Then, a new Fouquier-Tinville of the airwaves, he claimed "Those who showed the greatest zeal in serving the Giscard regime are withdrawing."

But what strategy could be adopted for these objectives? Pierre Juquin, head of "motivation, ideological struggle, information and the press office" at the central committee, was totally lacking in resources the day he had to produce "presentable" communist journalists. At Colonel-Fabien Square he therefore organized a meeting of the faithful. Horrors! Aside from 2 or 3 survivors of the great ORTF [Office of French Radio and Television] purges--Francis Cremieux on France-Culture and Henri de Camaret at Radio France International--there is no one.

In the heat of the summer Pierre Juquin nevertheless takes up his pilgrim's staff. And, like a travelling salesman, he besieges the network directors, preaching openness, liberalism, change, the communist sensitivity which goes along with his trend of thinking. In his shoulder-bag he has about 20 names. About 20 communist journalists worthy of the name and enjoying the party's confidence. The PCF's Sunday sermon is politely heard by the chain directors. The result is that two staunch "orthodox" are hired. Francois Sulvaing (HUMANITE-DEMANCHE) and Roland Passevant (L'HUMANITE) go to TF 1. Michel Naudy and Jean-Charles Eleb, to FR 3; the latter is hired as an economist. But on the basis of what criteria are they hired? The administrative offices of the network assert that professional competence was considered in the first place.

But there are also the "reinstated" ones, such as Marcel Trillat, who today directs the office for Antenna Company 2 where persons are hired without regard to party pressures, such as Michel Cardoze at Radio-France, who was summoned directly by the president, Michele Cotta. And very few journalists can pride themselves on any promotion due to skillful pressures from Colonel-Fabien Square. Not Cardoze, who resigned from "Revolution", nor Trillat, ousted from Radio Lorraine-Heart of steel. On the other hand there is no doubt that those "hired by the party" were done so thanks to a subtle consensus described in this way by one of the communist journalists of Radio-France: "The PCF wanted people above any suspicion at the audio-visual. The finest of the palace, whom the chain directors accepted out of fear of getting into trouble some day with PCF headquarters."

In the audio-visual milieu, still seething, many think pluralism no doubt is going a little too far. Thus Edouard Guibert, trade unionist, today an advisor to Guy Thomas for Information and Journalism, is suspected of having brought about a "subtle recasting" of the 650 journalists of FR 3 in terms of their political opinions. He retorts, "I have here a list of about 300 application requests of which about 20 come on an individual basis from communists. My basis for selection will always be professional competence and my aim will be to eliminate banning. We did not recruit Jean-Charles Eleb on the basis of his PCF card, but because he has a doctor's

degree in economics, is teaching assistant in economics at the UER, and has worked at REVOLUTION and AFRIQUE-ASIE. That being said, Jean-Charles Eleb is not, strictly speaking, a journalist.

In the corridors of L'HUMANITE, the original breeding ground for communist journalists, a strong breeze has also blown. And it was followed by many disappointments. A communist journalist who presented himself on an individual basis said "Roland Leroy and Pierre Juquin went among the ranks saying to a few of us 'You ought to send in your resume'." About 30 presented their applications. And there was all the more hurry because this summer an atmosphere of panic prevailed in the French communist party daily after staff cuts were announced. However, quite clearly the criteria of political loyalty prevailed. This journalist went on to say "I can say that there are communist journalists who are banned by their party from the profession."

But the "party faithful" were not always agreeably received by the editorial offices. It is public knowledge that at TF 1 Francois Salvaing and Roland Passevant, whose professional competence is recognized by all, received a frigid welcome from Jean Marie Cavada and from his team. Only "leftovers" or "tricky subjects" for the "commies." Jean-Marc Meymon, the young co-editor in chief, along with Dominique Delhoume, of the Laser on FR 3 broadcast, explains this attitude: "The party made a serious mistake in going over the heads of the trade unions." This is the view of a communist who is above all a journalist. At the Tele Bar, the unofficial annex to Radio House, Michel Cardoze, former head of "Humanite's" political department, later deputy chief editor of "Revolution", one "who does not owe his job to Juquin", maintains an Olympian calm. Does he attend Radio House party cell meetings? "I refuse to answer; that is purely personal."

Was he summoned by the central committee as soon as there was a question of naming communists? "Once again, that is the exclusive concern of myself and my party." Michel Trillat is likewise calm at Antenna 2. He assures us he was "very cordially received by the new editorial staff." For him, "Pluralism is the basis for the overall fairness of an editorial office." And Marcel Trillat considers that French television is "one of the most free in the world." But he, as victim of many ostracisms, does remember the pernicious danger any government represents. "Will the new government not be tempted in its turn to show its strength and its force?" he asks. Yes, the temptation does exist.

9772

CSO: 3100/222

JOURNAL ANALYZES NEW STRATEGY OF COMMUNIST PARTY

Amsterdam ELSEVIERS MAGAZINE in Dutch 9 Jan 82 pp 34-35

[Article by Rene de Bok: CPN New Style: Same Old Stuff]

[Text] The pliability of the Communist Party of the Netherlands (CPN) is boundless. In the draft of its party program captioned "Goal and Future Plans of the Dutch Communists", unveiled last month, the CPN is no longer going after the proletariat but after the electorate. Stripped of its contemporary phraseology the new CPN course is going for the permanently unstable front of the PvdA's left flank. Here follows an analysis by ELSEVIER.

The attack on the PvdA's left flank just before the elections for the provincial parliaments is cleverly timed. At this point the PvdA is faced by an as yet hopeless dilemma. Minister of CRM [Culture, Recreation, and Social Works] Andre van der Louw gathered a clan around him which wants to take a practical look at the undisguised demands of the 1880's. Political leader Joop den Uyl is hesitating. As the socialist electorate is wasting away so is his position as leader. Opinion polls show already that the introduction of The Plan does not necessarily mean the restoration of the PvdA's credibility. Den Uyl runs the risk of succumbing under the weight of his own plan and dragging a portio of his supporters down with him.

It speaks well for the CPN that--after many years of dogmatic contemplation--it understands today's political facts for what they really are. The CPN reacts to the process of steady defection in the PvdA ranks by presenting "a radical party renewal". Party chairman Henk Hoekstra noisily proclaimed in the party newspaper DE WAARHEID: "We must prove that it will be possible to have a new type of communist party." In the draft of the party program historic doctrines were thrown overboard as ballast. The Leninist doctrine, "Communists should be the proletariat's vanguard," fell by the wayside; a similar fate befell the doctrine that only the CPN is capable of reforming society in a socialist sense. The draft program is unmistakable: "Parties, social organizations, renewal movements, everybody with a desire to change society towards socialism should unite their ideals by banding together. None of the coalition partners can pretend to be able to go it alone in reforming society."

Lots of beautiful things can be enjoyed and read in the passages on parliamentary democracy. "Socialism must be seen as a society in continuous motion, with its own dynamics, open to renewal and the ideas of the people organized in movements or as individuals. Its safeguard is the parliamentary democratic socialist form of government. It emanates from its multi-faceted aspects in a political sense, in philosophy

and world outlook, and in cultural affairs. Decision making and legislation must be open to impulses of renovation from the society and should be continuously protected against bureaucracy, decay, and the emergence of power structures which want to be exempted from the above and to impose their desires on individuals and organizations."

For the moment we will ignore the draft of the party program and focus our attention on the spokesmen of the present CPN, as party chairman Henk Hoekstra, Chamber members Joop Wolff and Marcus Bakker, or the man who represents the communist orthodox beliefs, Fre Meis. In particular the first three persons have remarkable party records. Hoekstra was for many years considered to be one of the most faithful slaves of Stalinist Paul de Groot. In his footsteps followed Marcus Bakker, acclaimed orator, popular humorist in the Second Chamber, but also a man who did not hesitate to softly applaud Paul de Groot's purges of the party top. "Whosoever attacks Paul de Groot, attacks the CPN." Joop Wolff also proclaimed the infallibility of party dictator De Groot. For the past 10 years Marcus Bakker has moved heaven and earth to enhance the CPN's credibility. With a carefully cultivated proletarian accent he enumerated the archenemies of the masses: The multinationals, capitalist exploiters, neocolonialist deceivers of the people, he was never lost for words in revealing the "true" motives of imperialist warmongers. But the gospel of Marcus fell on deaf ears. About 25 years ago the CPN cut its own throat by approving the Russian intervention in Hungary. Once the CPN showed its true character through a mistake in political judgment, it had inevitable internal consequences. In the years 1958 and 1959 the internal power struggle led to a schism which reduced the number of Chamber seats from seven to three. In the 1960's the party succeeded in regaining the lost territory. In 1973 the CPN had again seven seats in the Second Chamber. It demonstrated an enormous lack of political understanding when the Den Uyl cabinet began to operate. It met with furious CPN opposition. The CPN's position deteriorated even more when the party sought and found ways to restore relations with the CPSU, the Communist Party of the Soviet Union. During the Chamber elections of 1977 the CPN launched the battle cry: "Out with Van Agt and in with the CPN". Marcus Bakker found it a peach of a slogan. It was not his first mistake. The CPN's following was practically cut in half. It held on to only two Chamber seats. It caused a lot of hilarity when Gijs Schreuders, editor of DE WAARHEID, revealed the background of the communist election defeat. He suggested a conspiracy (in connection with the railroad hostages of De Punt and the schoolchildren of Bovensmilde) to keep the CPN out of the Catshuis [the official residence of the prime minister]. Not too long ago during a meeting in Amsterdam in the Populier Gijs Schreuders was also the brain who did away with Marxism-Leninism for convenience sake. The CPN's spirit of adaptability knows no bounds. Last year when Marcus Bakker visited the congress of the Polish Communist Party he dutifully towed the line of the Polish leader Gierek. The party organ DE WAARHEID thought therefore that it was right on course when it denounced the first strikes in Gdansk as a revolt of "antisocial elements." Later on it put the blame for the failing Polish economy on the West. However, when Solidarity received more support than the CPN had anticipated the party understood that a return to the old order was no longer possible.

The next thing was that the "Polish experiment" became the start of a "true" world revolution. Party chairman Hoekstra declared recently in the VARA [Workers Radio Amateurs Association] program "In the Red Rooster" that the CPN would act autonomously in foreign policy matters. Also concerning Afghanistan. The CPN expressed its opinion that the Soviet forces should immediately withdraw. The CPN's point of view regarding Poland and the problems in Afghanistan are only meant to placate

a voting public believed to be suffering from a great degree of forgetfulness. In the case of Afghanistan the trick of manipulation relies on the public's lack of knowledge of the facts. Because during its last congress the CPN did not want to declare itself for withdrawal of Soviet troops and definitely not for immediate withdrawal of the Red Army. Another clear example of the fact that the CPN does not care about the truth, about its real face, but only about the votes of the electorate. CPN party bigwigs may have said good-bye to the old doctrines of Marxism-Leninism in covert terms, the truth is quite different in the ranks of hardened CPN leaders. The concept of their program is based on instructions Lenin issued in 1920 in "The Leftist Current". In the chapter: "Should we participate in bourgeois parliaments?" Lenin writes: "As long as you are not strong enough to disperse the bourgeois parliament and all other reactionary institutions you are obliged to work within these institutions because there are still workers kept in ignorance by the clergy and the way of life in isolated provincial towns. Otherwise you may run the risk of simply becoming incessant chatterers." Lenin writes in another paragraph: "The parliamentary system is historically obsolete. From a viewpoint of propaganda that is correct. However, everybody knows that we have still a long way to go before we have eliminated it in practice. Historically capitalism can justly be called obsolete for many decades but it does not relieve us at all of the necessity to wage a very lengthy and tenacious battle in the pit of capitalism."

The CPN's strategy of giving everybody what he wants must be judged against this background. Via an abundance of acceptability the CPN is trying to attack the left wing of the PvdA. It has seriously damaged its credibility. It is obvious that the CPN's newest face will have no difficulty in earning the mark of "unreliability." CPN, new style, same old stuff.

10319

CSO: 3105/78

BRIEFS

SOCIALIST MP'S OPPOSE DEFENSE FUNDS--At least three members of the Social Democratic Folketing delegation are now making it clear that they will vote against the defense appropriations which are part of the defense compromise in the 1982 budget. In a minority statement on the budget bill delivered yesterday to the Finance Committee of the Folketing, former Finance Committee Chairman Kristan Albertsen, Helle Degn and Soren Norgaard Sorensen announced that they cannot vote for the compromise. The three will vote directly against a budget regulating appropriation of 91.3 million kroner for the defense forces, and will also vote against an increase in operational funds for the three armed forces of 39 million kroner. The funds in question are the increases in the defense appropriations exceeding the so-called zero solution, which the Social Democrats accepted in order to reach the defense compromise. [Excerpt] [Copenhagen BERLINGSKE TIDENDE in Danish 13 Feb 82 p 5]

CSO: 3106/67

NEW COMPUTER LINKS ALL ARMED FORCES, PROVIDES AUTOMATIC ALERT

Paris ARMEES D'AUJOURD'HUI in French Dec 81 pp 36-37

[Article by Commander Andre Le Berre, who entered Naval Academy in 1961, holds certificate as radar officer, is graduate of Naval War College, and was assigned to Staff of Atlantic Squadron in February 1979: "The SENIT"]

[Text] Warships at sea have always sought to pool their observations in the zone in which they operate, so as to improve their effectiveness as a group. Signal flags and, later, radio have heretofore enabled the transmission of information from one ship to another. Today, using data processing techniques, the ships of a squadron can all be informed simultaneously as to the air, surface and underwater situations of the zone in which they are maneuvering.

In the rather distant past, a ship that had spotted a friendly or enemy ship on the horizon would alert the others in its group by hoisting a specific flag to the masthead.

More recently, in the same situation, the information was exchanged by radio: An operator would describe to all the neighboring ships everything he was able to perceive within his range of visual, radar, sonar or electronic warfare surveillance. The information thus transmitted was copied and transcribed manually aboard the cooperating units to obtain an update of the situation in the zone on the scale of the naval force as a whole--on a more extensive scale, that is, than a single unit can perceive.

With the advent of supersonic planes and missiles, the system in place was no longer adequate. However dexterous, competent and physically alert the operators might be, these qualities have their limits. The functions of the operators became incompatible with the speeds of reaction required to engage the enemy advantageously or to deal as quickly as possible with an attacking missile. The need for a command system functioning on a real-time basis thus made itself felt, and the French Navy developed the SENIT [Naval Tactical Data Processing System] (a cousin of the U.S. Navy's NTDS [Naval Tactical Data System]).

Hookup 11

This command system, of course, can only present to the decider the information that has been put into the system. But it contains a great deal of information and, above all, it gathers it, processes it and displays it in a fraction of a second.

Built around a computer (or a set of computers), the SENIT is fed information by all the shipborne sensors: The data gathered by the ship's sensors, sonars and electronic warfare equipment are fed into it automatically; the information from the optical lookout tower is fed manually.

All this information is recorded and updated constantly by the equipment, whose capacity in this domain greatly exceeds that of a human being. These data are then displayed on consoles that restore to imaged form the air, surface and underwater situation perceived by the computer. The operator at the receiving end of the display can of course dialogue at any time with the computer to obtain supplementary information (heading and speed, for example) concerning any particular event being tracked; the operator need only know the language--a very simple one--used by the computer.

The computers of the cooperating units are linked up among themselves by a very high speed radio network--the sailors call it "Hookup 11." This network is capable of conveying automatically all the data stored in a computer to any other computer.

By this means, all the units of a naval air formation that are equipped with SENIT can receive on a real-time basis the information gathered by all their neighboring units. On the operating console they override the data already possessed aboard the unit, thus enhancing the unit's tactical situation.

Thus, thanks to Hookup 11, every unit is kept instantly advised of the zone situation common to all the participants in the operation.*

Automatic Reaction

Of the many aids the SENIT brings to the decisional process, we will dwell solely on its ability to address any threat without human intervention.

In the face of any threat perceived at the last moment, the computer is able to react on its own. It proposes solutions to the commander and, subject to interdiction, will itself put the appropriate response into operation. Thus, for example, if the SENIT perceives the presence of an attacking missile, it gives the

* The SENIT can be linked up with the NTDS in service in certain NATO navies and with the STRIDA [Air Defense Data Processing and Presentation System] in service in the French Air Force.

alert and, if authorized to do so, opens the appropriate gunfire, sets off the interference designed to jam the missile, orders the launching of decoys to lure the missile away from its target.

The SENIT is able to react and implement preprogramed instructions faster than any human being.

Lastly, Hookup 11 is used to transmit orders and operational reports from one unit to another.

Thus, the officer in command at sea can rapidly order a unit under his control to engage an enemy by missile or by aircraft gunfire, or to destroy in flight a friendly missile that has already been released, or he can order a fighter-interceptor to take off from an aircraft carrier and a helicopter from a destroyer platform... The ordered unit can report back on the accomplishment of its mission via the same communications channel.

The SENIT provides the commander of a naval air force at sea the means to rapidly analyze the situation, understand it and immediately maneuver the units under his orders into a advantageous positions for the attack. Moreover, the SENIT always presents to the commander the best choice of options for bringing his self-defensive means to bear upon a response or a surprise attack by the enemy.

Surface combat by means of missiles cannot be improvised. In this form of combat, superiority rests with the one who can localize and identify his adversary in time to be the first to launch his missile. The SENIT therefore has become today an indispensable instrument of command.

9399

CSO: 3100/260

NEW ENGINE ABLE TO POWER 50-TON BATTLE TANK

Paris LE FIGARO in French 8 Jan 82 p 7

[Article by Pierre Darcourt: "A New French Engine for Armored Tanks"]

[Text] The abandonment or calling into question again of a Franco-German armored tank designed to replace the AMX 30 and the Leopard 1 during the 1990's poses no problem to the Bundeswehr. The Leopard 2, of which 1,000 units have already been put into service, will with certain technical improvements remain operational until 1995. France, on the other hand, finds itself facing a major problem: It must replace its AMX 30 battle tanks before the end of the present decade. Will France take part in the modernization of the Leopard 1, as has been proposed to it by Hans Apel, the FRG defense minister, to equip its armored divisions with a Leopard 3? Or on the contrary, will it make use of its own high technologies and correct its weaknesses in the domain of heavy machinery to provide a highly proficient, more powerful, better armed and better protected successor to the AMX 30? Until now, no French firm has been equipped to produce automatic transmissions and engines of over 1,000 hp for heavy tanks on an assembly-line basis.

Most French armored tanks, as soon as they have been put into service, have suffered from the inherent faults and fragility of their manual [in italics] transmissions. These transmissions have been "hardened" for production and subsequently improved. The AMX 30 A 2 "tide-over" tank is now equipped with a functional semiautomatic transmission, which has been thoroughly tested in the workshops of Roanne.

Supercharged Engine

However, an engine without peer in Europe--the 1,500-hp V-8 X--now exists. This engine was developed by the iron and steel company SECM [Mechanical Studies and Construction Company] at the request of the DTAT [Land Armaments Technical Management] almost 6 years ago. In formulating its request, the DTAT had specified to the builder that it wanted an armored-tank engine that could also be marketed for use in other applied fields, so as to lower its price. With its proven experience in the design and production of marine engines, railroad locomotives, and engine-generator equipment for electric power production, the SECM had the staff and the means at its disposal to study and develop an engine meeting the specified requirements.

Rather than base this program on a conventional design, the builder decided to adopt and improve the "Suralmo-Hyperbas" method of supercharging, the patents for which are owned by the French state. The V-8 X engine is derived from the Poyaud 520, which is mass produced and which covers a power gamut ranging from 200 to 1,200 hp. This line of engines has already found an application, among others, in the field of repowering armored vehicles of different origins--Soviet BMP 1's (150 repowered in Egypt), Sherman tanks (130 in Argentina)--and can supply a vast international market valued at 15,000 tanks, mainly among countries that have become buyers of the AMX 30 and the AM 13, such as Greece, Spain, the South American countries, Saudi Arabia and certain Southeast Asian countries.

The V-8 X is an industrial 8-cylinder V-engine that develops 1,500 hp at 2,500 rpm. It is powerful and reliable enough to equip a battle tank of the order of 50 tons in accordance with the requirements stipulated by the experts of the French General Staff for the 1990's. Technologically, with the AMX 10 RC, our engineers have proven their ability to develop a better turret than that of the Leopard (hydraulic laying of bearing and elevation, stabilized fire control and laser telemetry, optics, low-light-level television system enabling day as well as night combat without having to slow down to fire. They have also developed a remarkable 120-mm, smooth-bore gun using highly effective flechette shells. Our researchers have also made considerable progress on new armors made of composites.

The replacement of the armored tanks of our combat forces and the independence of our defense policy require fast decisions and the acceptance of a large-scale national effort. We already have the technical resources, the installations and the personnel capable of designing and producing the future battle tank that is indispensable to the credibility of our armored divisions. The development of the V-8 X engine in less than 6 years represents a remarkable industrial tour de force. Its builder must now be assured of the will and the support of the government to pursue this undertaking of national interest.

9399

CSO: 3100/261

BRIEFS

NEW FIGHTER PLANES--The Greek Air Force will in the near future purchase fighter aircraft of a new type for its requirements until 1990, it was announced Wednesday by Defence Undersecretary Georgios Petsos. The Undersecretary added that Air Force specialists are studying the various types available, and the final decision on the purchase will be taken by the government in due course. According to reliable sources, Greece's interest centres on mainly four types of fighter aircraft: the Mirage 2000 manufactured by France, the F16 and F18 manufactured in the United States, and the Canadian aircraft Tornado. The Undersecretary told the press that his talks in Paris during his recent visit had concerned the joint production by France and Greece of military equipment to be manufactured by the Greek Aerospace Industry S.A., the industrial plant producing small, arms, and the Greek-owned firm Steyr Hellas. [Athens ATHENS NEWS in English 29 Jan 82 p 9]

CSO: 4600/254

GENERAL

FRANCE

FIRMS PRESENT TECHNOLOGY TO INDIA, CLOSER TIES ENVISIONED

Paris L'USINE NOUVELLE in French 17-24 Dec 81 p 42

[Article by Eric Lecourt: "French Technology Interests India"]

[Text] The French pulled off a first in India. Nearly 10,000 Indian scientists and engineers participated in the conferences organized during the week of Franco-Indian exchanges in the area of key technologies. Nurul Hassan, president of the National Council for Scientific and Industrial Research told Jean-Pierre Chevenement: "There is complementarity. What is needed now is to set in motion industrial cooperation."

Jean-Daniel Gardere, director of the French Committee for Economic Events Abroad [CFME], believes that: "The contract has been carried out: we have ensured the promotion of French technology and made contact with hundreds of clients."

The French have played the card of industrial association and the transfer of technology around four priority items (energy, space and telecommunications, industrial production equipment, and professional training). This is an important asset in this country which intends to maintain control over its economic development. But a card which France has made little use of up to now. Since 1960, there have been 6,500 joint ventures between Indian and foreign partners, but only 324 with France!

"Our relations have never been this good," stated Minister of Scientific Research and Technology Jean-Pierre Chevenement. "Without abandoning Africa, we should once again direct our cooperation toward Asia, and India in particular." But even the best of sentiments cannot replace business. Convinced of the need to cooperate with India, some 60 French firms -- some of them already established -- came to present their technology to the Indians. Large groups such as the CGE [expansion unknown] or Matra, and PME's [Small and Medium Sized Businesses] such as Soprema (waterproof materials) or Kestner (appliances and evaporators) ...

Nonetheless, all the industrialists present recognized that they should not content themselves with a week like that, but that ensuring a follow up is indispensable to the development of industrial cooperation with India.

It would seem that the establishment of an Indian-French Scientific Institute in the near future has already been agreed on. The only problem to solve is its location. Two sites are being considered: Delhi and Bangalore. Two of the four cities which welcomed the French symposium.

8463
CSO: 3100/264

END
76

END OF

FICHE

DATE FILMED

MARCH 1, 1982